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NOTES FOR REMARKS BY THE PRIME MINISTER
TO THE ANNUAL MEETING OF THE CANADIAN NUCLEAR ASSOCIATION
OTTAWA, JUNE 17, 1975

(Text)

Mr. Chairman, Ladies and Gentlemen:

There are a lot of good things about Canada; we all feel them in our bones. Unfortunately, though, when we begin to catalogue those positive characteristics, we tend too often to emphasize what I might phrase "the bucolic"; the kind of list that is found in tourist brochures, or in high school oratorical contests.

Goodness - wholesomeness if you will - is an essential ingredient in Canadian life. I hope it always will be, and that its contribution to the Canadian character will never be underestimated. But there's another list to which we pay less heed, and I regret it. This list could be entitled "greatness". It shouldn't be thought of as an alternative to goodness. But neither should it be so constantly neglected. That list is just as appealing; its entries just as numerous.

(Translation)

The accomplishments of this country in coming to grips over the years with distance and space and climate are great by any standard. The achievements of Canadian science and technology in the fields of transportation and communication and energy are unquestionably great. In many of these areas every other country in the world looks to us as the setter of standards, as the leader.

In largest measure, these accomplishments are the product of a partnership between government and private enterprise of a type unknown in many other countries. I'm proud of the system

and exceedingly proud of some of the results. We have long since frankly acknowledged in Canada that our country is so large, our challenges so many, and our population so small that we have no option but to pool our resources, first for survival in a hostile climate, then for the attainment of difficult goals.

(Text)

It's not easy - this cooperative approach. Not easy from the point of view of industry. Not easy from the point of view of government. It would be much easier - and there would be less need for such an approach - were Canada in possession of a domestic market several times larger, and an industrial base of sufficient size to service that market. It would be much easier, too, if the world were less interdependent, if governments in so many other countries felt less need to involve themselves so prominently in trade, investment, economic and other areas once regarded as the territory of the private sector. It would be much easier if we lived in a world where science had not yet removed so many of the great mysteries which once defined and limited the power of men. It would be easier if -; there would be less need if - . But "ifs" are not available to us. History, it has been said, is not written in the subjunctive.

Which is to say that we must live with reality. It is reality that tells us that seldom elsewhere is there such a confluence of events and interests and issues as in the nuclear field. Here, we find ourselves in possession at the same moment of technology of the most revolutionary and serviceable kind, technology which has proved to all the world Canada's competence and leadership. Here, too, we are engaged in a mineral industry of immense economic benefit, yet of staggering production costs and problems. And here we face dangers of the most awesome sort, exceeding in risk and potential destruction any knowledge ever possessed by human beings.

They should not be asked to re-invent the wheel. There is no reason why such great machinery innovations of the 18th and 19th centuries as the steam engine, the spinning jenny, or the Bessemer furnace need be introduced into the experience of a country before its people are permitted the advantages of 20th century scientific wonders. Surely, if we are ever to eliminate the immense disparities which now separate the living standards of rich and poor, it will be necessary to make available to the disadvantaged every technique at our disposal.

It would be unconscionable under any circumstances to deny to the developing countries the most modern of technologies as assistance in their quest for higher living standards. But in a world increasingly concerned about depleting reserves of fossil fuels, about food shortages, and about the need to reduce illness, it would be irresponsible as well to withhold the advantages of the nuclear age - of power reactors, agricultural isotopes, cobalt beam therapy units.

All these devices Canada has. All these devices the world needs. If we are serious in our protestation of interest and our desire to help, if we are honest when we say that we care and intend to share with those less well-off than ourselves, if we are concerned about the instability of a world in which a fraction of the population enjoys the bulk of the wealth - in any of these events we cannot object to the transfer of advanced technology. Technological transfer is one of the few - and one of the most effective - means available to us of assisting others to contribute to their own development. It forms one component of the program for action for a new international economic order adopted by the United Nations and endorsed so enthusiastically by the vast majority of the countries of the world. It remains as a cornerstone of Canada's economic assistance policy and the programs under that policy which we operate in the UN, in the Commonwealth, in L'Agence francophone, in the Colombo Plan, and elsewhere.

With stakes so valuable and knowledge so changing, with consequences so sweeping and issues so baffling in their moral and ethical application, there should be little wonder that answers are not always available, or not always acceptable when they are available.

Nuclear activity is one of the many in which man is now engaged which, if not made susceptible to reason and discipline, could become ultra-hazardous, even cataclysmic. All of our joint wisdom and all of our dedication will be required in order to ensure that mankind enjoys the benefits of this activity without suffering from its perils. Canadian government nuclear policies have attempted to steer this course. Your understanding and support have been as welcome as they have been crucial for we are traversing uncharted terrain where a wrong turn could engulf us in holocaust. We have no alternative but caution because our tolerance for error and our ability to reverse miscalculation are minimal.

We have three obligations as a nuclear power. Those obligations form the basis of Canada's nuclear policy. I'd like to talk about them.

The first of these obligations finds its origins in the character of Canadians, and in those circumstances of wilderness and weather which contributed to that character. We are a society which has not forgotten its frontier origins. We are a people who have experienced the torment of need, who understand the benefit of sharing. It is inconsistent with that experience and that understanding that we should now deny to the less developed countries of the world the opportunity to gain a hand-hold on the technological age. It is inconsistent with the character of Canadians that we should expect those hundreds of millions of persons living in destitute circumstances in so many parts of the world to wait patiently for improvement while their countries proceed painfully through the industrial revolution.

second obligation must be regarded as no less important than the first. For no matter how sincere is our commitment to equality throughout the world, no matter how successful is our progress towards it, our achievements will be pyrrhic should nations be unable to avoid the inhumanity of nuclear weapons usages or threats.

It is an enigma that surely no sane observer could untangle - this nuclear threat to the very continuance of the human race that has become so commonplace as to be boring, that is often regarded in some perverse fashion as a symbol of national accomplishment and wellbeing or as a manifestation of sovereignty.

No nation should be envious of another because it possesses the ability to kill hundreds of thousands of human beings in a single explosion. No nation should treasure its power to trigger a nuclear war. And no nation should misinterpret Canada's opposition to proliferation as envy of foreign accomplishments.

Canada is not envious of any country that is able to achieve new scientific plateaux for the benefit of its peoples nor, to my knowledge, is any other industrialized state. If a newly-independent nation is able to leap in a single generation from the stage of steam to the age of the atom, Canada applauds. If that leap was accomplished through Canadian assistance, we are proud. But the vault must be genuine, and the new plateau must be firm. Nuclear projects have proved their benefit to man in dozens of ways - ways well known to most of you - but no one has yet demonstrated convincingly that there are practical, economic, peaceful benefits of nuclear explosions. Not Americans, not Russians, not Indians. If at some time in the future such benefits be demonstrated, then they should be made available on an internationally accepted basis, under appropriate safeguards, and through a UN agency, to all countries declared by international experts as able to benefit. Canada is opposed to any peaceful nuclear explosions not conducted in accordance with the provisions of the N.P.T. In doing so we are not imputing motives; we are attempting to avoid the subjunctive.

Canadian governments since World War II have been committed without exception to assisting the less advantaged. That commitment cannot be discharged by help of poor quality or low value. Nor would Canadians permit that. Unless the disadvantaged countries are given the opportunity to pass out from the medieval economic state in which many of them find themselves, and into the 20th century of accomplishment and productivity, the gap between rich and poor will never narrow. In that process, we must assist them to leapfrog the industrial revolution. Nuclear technology is one of the most certain means of doing so. In instances, therefore, where electric power from nuclear sources is cost-effective, where the advantages of nuclear science are of demonstrable benefit, we should be prepared to share our knowledge and our good fortune. That is why Canada chose, twenty years ago, to assist the world's most populous democracy in overcoming its desperate problems of poverty. We can be proud, as Canadians, of our cooperation with India. The decision taken by Prime Minister St. Laurent to enter a nuclear assistance program with India was a far-sighted and generous act of statesmanship. It goes without saying, of course, that our nuclear transfers should be subject to safeguards always; and that is my next point.

The second of the three obligations underlying the government's nuclear policy arises out of the dangerous nature of the improper uses to which nuclear materials can be put either by accident or design. For that reason the Canadian government is obligated to Canadians and to all persons everywhere to assure that nuclear devices, materials or technology from Canadian sources not be used for explosive or illegal purposes. This is done through the application of safeguards.

Familiarity with nuclear processes and confidence in their peaceful benefits must never blind us to the destructive capability of a nuclear explosive device or the politically destabilizing effect that can be caused in certain circumstances by the mere existence of such a device. For these reasons, this

I do not pretend that the present international regime for the inspection and detection of nuclear cheating is foolproof. I am painfully aware that the N.P.T. is yet far from universally supported. I am deeply conscious of the responsibilities which devolve upon Canada as a world leader in the peaceful application of nuclear energy. But to those who contend that there is an incompatibility between these two obligations I have mentioned - assisting the less developed countries and preventing nuclear proliferation - I remind them that the statute of the International Atomic Energy Agency, the world's nuclear policeman, charges the Agency to spread "throughout the world" peaceful applications of the atom "bearing in mind the special needs of the under-developed areas". Canada is an active member of the IAEA and does its utmost to ensure the successful attainment of those two objectives.

These, then, are the first two of the obligations which form the foundation of Canada's nuclear policy - an obligation to the have-not countries of the world, and an obligation to the people of the world. The third obligation is to our own people. This obligation takes several forms: the provision of safe sources of energy, the preservation of the environment, the fostering of a competitive Canadian industry in all its facets of exploration, mining, processing, fabrication, design and sales.

Tonight, I'd like to emphasize for a moment one aspect of that obligation - to Canadian industry - and the several ways in which it is discharged. One method is through the repeated declaration of the Canadian Government of its conviction of the fundamental worth and demonstrated superiority of the CANDU reactor over any other design. Another is the decision of the federal government to assist financially in constructing first CANDU units within each province. Still another is the wide range of research, developmental and marketing programs funded and pursued by Atomic Energy of Canada Limited and support abroad by all the facilities of the Department of Industry, Trade and Commerce and the Department of External Affairs.

These are the reasons why Canada signed the Non-Proliferation Treaty, why we voiced such criticism of the Indian test, why I seize every opportunity to garner the support of world leaders for a tightening and an extension of safeguards and controls. These are the reasons why we will continue to do so.

Each one of us shares a common desire: to turn over to our children a world safer than the one we inhabit; a world not subject to nuclear blackmail or coercion, a world not frightened by insidious terrorist acts and not threatened by imbalances in the equilibrium of nature. Nor is this the only desire we share. There is, I know, still another: that in years to come we will be able to face our children and assure them that we did not lack the courage to face these difficult questions, did not lack the stamina to pursue the correct solutions.

In the past several months I have argued the importance of a strengthened safeguards regime with some 40 heads of government - around a conference table as at the Commonwealth Meeting in Jamaica, and across a desk as with each of the nine leaders I have visited in Europe and the several that have come to Ottawa. The Secretary of State for External Affairs addressed the Non-Proliferation Treaty Review Conference in Geneva last month - and was the only foreign minister to do so. Senior government officials have travelled tens of thousands of miles in an effort to tighten existing safeguards and to broaden both the scope of their impact and the breadth of their application by supplier countries. We have raised the standard of our safeguards - with full support for the International Atomic Energy Agency which administers them - to the point that they are the toughest in the world. (And we are constantly on the alert for ways to make them more practical, more effective.) We impose as well still another constraint: we refuse to engage in nuclear cooperation without an explicit exclusion of explosive uses.

We have in Canada all the elements required to continue into the 21st century this country's prominent position as a world leader in the nuclear industry. In Canada is uranium in relative abundance. In Canada are the technical skills necessary to maintain our lead in the design, construction and supply of efficient nuclear reactors and heavy water production plants.

Several years ago I asked Canadians to pay less attention to the siren song of buying back investment now held in foreign hands. I argued then, and will continue to do so, that buying back the past was not the answer; that we should instead ensure that industries of the future were developed by Canadians in the Canadian interest. The nuclear industry was foremost on my mind as a future industry, and as one which will require immense amounts of capital.

I am proud of the accomplishments of Canadians in nuclear activities. The names of Canadian pioneers in this field are known and respected worldwide - men of the stature of MacKenzie, Steacie, Keys, Thode, Lewis, and Gray. I am confident that the imagination and discipline displayed by them are found today in large measure throughout Canada. With men of that stature, with a vital nuclear element in the private sector, with a continued degree of cooperation between government and industry, I have not the slightest doubt that we shall be able to discharge with success that third obligation which I have just discussed with you. In doing so we shall be performing a service not just for Canadians, but for all mankind for we shall be contributing to the safety and reliability of devices that have proved again and again the immense benefits that they confer in such diverse fields as medicine, agriculture and industry. There will be unquestionably a broader acceptance of nuclear facilities, including power generation, in a world confident that safeguards and protective routines are of undoubted adequacy.

The success of the CANDU concept is attracting increasing attention worldwide because of its safety record, its respect for the environment, its reliability, its efficient fuel utilization, and its economy of operation. The remarkable performance of the Pickering installation will lead, I have little doubt, to the adoption of this Canadian-developed technology in a large number of countries abroad.

The government is no less interested in safe, tamper-proof facilities than it is in assurance that reactors cannot purposely be diverted to non-peaceful ends. We must protect ourselves against accident and criminal elements. A contribution of significant proportion has recently been made by Canadian industry in the design of a spent-fuel shipping cask incorporating novel shielding and physical properties.

As nuclear-generated power plants have increased in number worldwide, partly in response to higher fossil fuel costs, partly out of concern for continuing security of oil and gas supply, the demand for uranium has undergone a startling change. After a depression in world uranium prices lasting almost 15 years, there has suddenly occurred a dramatic shift from a buyer's to a seller's market. During the 1960s, exploration programs necessary for the location of new mineral formations had slowed down and, in many instances, ceased altogether. Throughout this period, federal funds ensured the preservation in Canada of a nucleus of the uranium production industry. As demand-pressure grew in the 1970s, however, it became apparent that further help was needed to ensure adequate exploration. Federal response was two-fold. Funds were provided a year ago to the crown corporation Eldorado Nuclear Limited to permit it to re-enter the uranium exploration field. More recently, the federal government initiated a uranium reconnaissance program to permit a systematic general exploration of Canada in order to point up promising areas for detailed exploratory studies. The government expects that the change in world price and the federal stimulus to exploration will serve to attract from Canadian sources fresh equity investment in the Canadian uranium industry, a growth industry with special incentives and benefits for Canadian investors.

Mr. Chairman, Canada enjoys immense respect around the world. It is respected for its scientific and industrial achievements in the nuclear and other fields. It is respected for the competence and tenacity of those officials who represent us in our dealings with other governments. But above all it is respected because of the attitude which Canadians display towards those less affluent than ourselves. We have achieved in this country a high standard of human conduct - an acceptance without question of the right of individuals to live in dignity, to enjoy freedom of thought and expression and movement, to husband that most priceless of all human attributes: hope for a future of fulfilment and satisfaction for ourselves and our children.

It is that ingredient of hope, and it is that sense of the future that underlie Canadian nuclear policies and which have led the government to formulate the three obligations which I have recited to you tonight.

- By caring for others, by sharing what we possess and others need, we are fostering the spirit of hope and easing the quest for social and economic justice now so prevalent in so many countries.
- By insisting on the most stringent of safeguards and precautions we are attempting to ensure that the nuclear genie will not escape from the constraints demanded of it and bring suffering to future generations.
- By encouraging Canadians to engage in what they do best, by supporting initiative and competence in technologically advanced fields, we are contributing confidence to a new Canada, one that I have described as being on the threshold of greatness.

Mr. Chairman, I thank you for this opportunity to speak to this association and to salute your members for their contribution to Canada's greatness.

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JOINT COMMUNIQUE BETWEEN
PRIME MINISTER PIERRE ELLIOTT TRUDEAU

AND
PRIME MINISTER TAKEO MIKI

TOKYO, OCTOBER 26, 1976

1. The Prime Minister of Canada, the Right Honourable Pierre Trudeau, and Mrs. Trudeau paid an official visit to Japan between October 20 and 26 at the invitation of the Government of Japan. Prime Minister and Mrs. Trudeau were received in audience by their Majesties the Emperor and Empress at the Imperial Palace on October 21.
2. Prime Minister Trudeau and Prime Minister Miki held talks on October 21 and October 26 in a cordial and constructive atmosphere. In the course of his visit Prime Minister Trudeau also met the Deputy Prime Minister Cum Dirgen of the Economic Planning Agency, the Minister for Foreign Affairs, the Ministers of Finance, Agriculture and Forestry, International Trade and Industry, and senior representatives of Japanese business. The two Prime Ministers expressed their satisfaction that Canada and Japan have, in recent years, rapidly developed close and wide-ranging ties in political, economic and cultural fields. They welcomed the fact that, on the occasion of the visit of Prime Minister Trudeau to Japan, the Framework for Economic Cooperation relating to trade and economic relations between Canada and Japan had been signed by them. They were also pleased that the negotiations for the Cultural Agreement had come to a successful conclusion and the agreement signed. They hoped that these events would further enhance mutual understanding between the two peoples and thus bring about enriched and expanded Canada-Japan relations. They strongly welcomed the increasing contacts between the members of the Japanese Diet and the Canadian parliament. They derived particular encouragement from the establishment in Tokyo in March of this year of the Japan-Canada Parliamentarians' League and the highly successful visit to Japan in April of this year by a delegation of Canadian parliamentarians jointly led by the speakers of both houses. They looked forward to a return visit to Canada by a Japanese delegation in 1977.
3. The two Prime Ministers shared the view that the growing friendship and cooperation between Canada and Japan was of importance not only for the two countries themselves, but also for the international community. They reaffirmed the significance of continuing exchanges of information concerning the policy objectives and goals of each government and pledged to strengthen the consultations and cooperation between the two governments on bilateral as well as multilateral problems of mutual concern. They acknowledged that efforts to develop closer and more systematic consultations at all levels had proved to be rewarding. In this connection, they emphasized the significance of the Canada-Japan Ministerial Committee and agreed that the next meeting to be hosted by Canada would be convened at an early opportunity at a time mutually convenient to both sides. They also agreed that the Foreign Ministers of the two countries would maintain and strengthen their regular practices of close consultations which have increased in frequency over the past several years.
4. The two Prime Ministers exchanged views on a variety of problems now facing the international community and confirmed the unshakeable determination of the two countries, as industrialized democracies, to develop closer and broader cooperation towards mankind's common goals of world peace and prosperity.

They discussed, in particular, developments in the Asian and Pacific region in which the two countries, both facing the Pacific, take special interest and confirmed the determination of their two countries to continue a positive and constructive role in securing peace and development in that region. They welcomed the continued efforts by the Association of South East Asian Nations and its member countries to strengthen self-reliance and mutual cooperation for stability and development in the region, and hoped for the development of stable and cooperative relations among all the countries in Southeast Asia. They acknowledged with pleasure the strong commitment by both Canada and Japan to bolster the activities of the Asian Development Bank to cope with regional development questions. They noted that there remains elements of instability on the Korean Peninsula, and emphasized the necessity of the efforts of both South and North Korea to resume their dialogue in accordance with the spirit of the Joint Statement between South and North Korea of July 4, 1972, so that the easing of tensions on the Peninsula may be promoted. They urged continued international efforts for creating an international environment which would help improve the relations between South and North Korea.

5. The two Prime Ministers emphasized the need for more urgent and concrete steps, particularly by the nuclear weapon states, to curb the arms race, to limit and reduce all nuclear weapon arsenals and to conclude an effective agreement to stop all nuclear weapons testing. They reaffirmed the commitment of their governments to the goal of achieving arms control and disarmament agreements that will check the use or threat of force, reduce tensions and free resources for productive social and economic purposes. Prime Minister Trudeau welcomed the ratification of the Treaty on the Non-Proliferation of Nuclear Weapons by the Government of Japan in June of this year. The two Prime Ministers stressed the determination of their two governments to contribute to international efforts for preventing nuclear proliferation and for ensuring that nuclear energy is used solely for peaceful purposes.

6. Recognizing the United Nations and its specialized agencies provide international fora which could greatly contribute to world peace and progress, the two Prime Ministers affirmed that Canada and Japan should cooperate towards developing these organizations in a constructive manner so that their effectiveness may be further strengthened. In this connection, they valued highly the role of the existing Canada-Japan consultations on United Nations matters and confirmed that the two countries would continue to consult closely.

7. In light of the increasing economic interdependence of the nations of the world, the two Prime Ministers expressed their belief that closer cooperation and constructive dialogue among nations are necessary to cope with problems of the world economy. They agreed that Canada and Japan would play a positive role through close consultation toward the resolution in a manner beneficial to all nations of the problems relating to the general condition of the world economy, trade, international investment, international finance, resources and energy, and cooperation between developed and developing nations.

8. The two Prime Ministers recalled the achievements of the summit conference of the seven industrialized nations held in Puerto Rico in June this year, which affirmed the importance of international cooperation for solving problems of the world economy. They agreed upon the importance of observing the principles set forth in the Joint Declaration of that conference concerning such matters as economic management, trade, international investment, and international finance. They also recalled the meetings of the International Monetary Fund held in Jamaica and the Philippines this year and agreed that the meetings had given substance to monetary and financial guidelines which are being pursued today. In this context, the two Prime Ministers welcomed the economic recovery that has been underway for the last year. They reaffirmed their commitments to the pursuit of efforts to secure a recovery of output and the achievement of high employment and stable prices. They stressed, in particular, the need for continued efforts to combat inflation as an essential element for ensuring a healthy recovery of the economy.

9. The two Prime Ministers reaffirmed the objectives of completing, by the end of 1977, the Multilateral Trade Negotiations now underway in Geneva within the Framework of the General Agreement on Tariffs and Trade. They agreed that the two countries would play a positive and constructive role in fulfilling the objectives of achieving the expansion and ever greater liberalization of world trade through, inter alia, the progressive dismantling of obstacles to trade and the improvement of the International Framework for the Conduct of World Trade in accordance with the principles set out in the Tokyo Declaration.
10. Noting that there still remained many elements of instability in the medium and long-term situation of world energy and that these elements of instability could present actual problems in the near future through the increasing demand for energy caused by the recovery of the world economy, the two Prime Ministers agreed upon the necessity for further promoting cooperation among consuming nations thus far achieved through the International Energy Agency and other fora. At the same time, concurring upon the necessity of mutual understanding and international cooperation among all nations, in particular, with oil producing nations, for the solution of the international energy problem, they agreed to continue their efforts to achieve the development of harmonious relations between oil producing and consuming nations and stabilization in the price and supply of energy. They also agreed that, along with international cooperation, bilateral cooperation should also be encouraged in the field of energy.
11. Emphasizing the importance of assisting developing countries in their efforts to improve their levels of economic and social development, the two Prime Ministers expressed their determination that the two countries would maintain close consultations aimed at finding solutions to problems related to the evolution of the international economic system and the lessening of economic disparities between the developed and developing countries.
12. Recognizing that the Conference on International Economic Cooperation was playing a useful role regarding the problems referred to in paragraphs 10 and 11, the two Prime Ministers agreed to continue their efforts so that the Ministerial Meeting of the Conference on International Economic Cooperation, scheduled for mid-December, would achieve a significant advance and bring about a meaningful result in international economic cooperation. In this regard, Prime Minister Miki highly appreciated the constructive role played by Canada as Co-Chairman of the Conference on International Economic Cooperation.
13. The two Prime Ministers noted with satisfaction the continuing and rapid growth in trade between the two countries wherein Japan was Canada's second largest national trading partner and Canada was Japan's seventh largest. They expressed their hope that this bilateral relationship would be intensified and that trade would continue to expand in a harmonious way. They reaffirmed the importance of mineral and energy resources and agricultural and forestry products in their respective economies, referring in particular to the significance of trade between the two countries in coal, non-ferrous metals, wood and paper products, grains and oilseeds. In discussing these major trade items, Prime Minister Trudeau mentioned pork as a leading Canadian export product. They noted Canada's position as a stable supplier. They discussed Canada's policy on the further processing of raw materials and agreed that this policy could be implemented in a virtually beneficial way. They also discussed matters relating to increasing Canadian exports of upgraded products, fabricated and higher technology goods.
14. The two Prime Ministers noted with satisfaction the efforts made by both sides to identify those areas of the Canadian and Japanese economies which held the greatest promise for increased and mutually beneficial economic cooperation. They reviewed the progress to date on specific projects, particularly in the housing and computer fields which demonstrated the mutually beneficial results that can come from economic cooperation. They noted that a Japanese mission to Canada had taken place in the fields of tar-sands development, and exploration and development

of uranium as well as similar missions on thermal coal, metallurgical coal, housing, plywood and auto parts. They also noted that Canada had sent to Japan technical missions on coal, and on pulp and paper, and a STOL mission to explore the possibilities for long-term industrial cooperation in aerospace. They acknowledged the contribution such missions can make in providing an important impetus towards further economic cooperation. In this context they welcomed the high-level Japanese economic mission currently visiting Canada and expressed the hope that contact between their business communities would continue to expand.

15. The two Prime Ministers expressed particular satisfaction with their signing of the Framework for Economic Cooperation which will provide a firm basis for the long-term development of trade and economic relations between the two countries. They noted that the document provides for both governments to promote the development and diversification of commercial exchanges and to encourage and facilitate cooperation between their respective industries. They also noted that the Framework provides for the creation of a Joint Committee to promote economic cooperation and agreed that the first meeting will take place in Canada at a mutually convenient time in the new year. They also agreed that the Joint Committee will complement and strengthen the consultative mechanisms already established.

16. Noting that increased exchange of capital between the two countries can make the economic relationships between them closer and more advanced, the two Prime Ministers agreed that the policies on foreign investment of their respective countries should be conducted in a manner which would facilitate investments of significant benefit to both countries.

17. The two Prime Ministers reviewed developments at the Law of the Sea Conference and expressed the hope that with further intensive efforts the negotiations would soon lead to an agreement on a new Constitution of the Oceans.

18. The two Prime Ministers exchanged views concerning promotion of cooperative arrangements between the two countries in the area of fish products, including possible economic cooperation. They noted the forthcoming bilateral fisheries meeting to discuss future fisheries relations including arrangements for operations of Japanese fishing fleets under the new situation resulting from Canada's decision to expand its fisheries jurisdiction to 200 miles.

19. The two Prime Ministers agreed to explore further cooperation between the two countries in the field of atomic energy in all its peaceful aspects -- uranium, technological exchanges including those concerning nuclear power generation -- within the general framework of the agreement between the Government of Canada and the Government of Japan for cooperation in the peaceful uses of atomic energy.

20. The two Prime Ministers noted that cooperation between the two countries in the fields of science and technology was advancing, and agreed that the two countries should seek to expand further cooperation in this field.

21. The two Prime Ministers agreed to expand healthy and mutually beneficial civil aviation relations, which would contribute to the further promotion of the interflow between the two peoples, as well as to economic interchange, thereby contributing to the overall friendly relations between Canada and Japan.

22. The two Prime Ministers welcomed the steady increase in tourism between the two countries, and expressed the hope that the trend would continue. They observed that tourism was a significant area in Canada-Japan economic relations and was, in addition, an excellent vehicle for the promotion of mutual understanding.

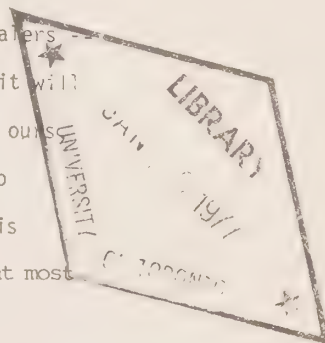
23. Taking note of the rich cultural heritages of the two countries, the two Prime Ministers agreed that the promotion of exchanges between the two countries at all levels, in particular in the cultural field, is essential for the deeper mutual understanding between the two peoples. In this regard, they hoped that more extensive cultural exchanges and contacts between the two countries will develop with implementation of the cultural agreement. They also expressed the hope for a further increase in the interflow of information through the media of the two countries so as to promote mutual understanding of the peoples of the two countries.

The two Prime Ministers expressed their satisfaction with the progress that had been made in the promotion of Canadian studies in Japan and Japanese studies in Canada and in academic exchanges between the two countries, and they agreed that these efforts should be continued and further developed. In this connection, Prime Minister Miki welcomed the fact that Prime Minister Trudeau formally inaugurated the Canadian Studies Programme in Japan on the occasion of the latter's visit to Japan.

24. The Prime Minister of Canada invited the Prime Minister of Japan to pay an official visit to Canada at a mutually convenient date in the future. Prime Minister Miki accepted the invitation with pleasure.

Monsieur le Président, invités de la table d'honneur, mesdames et messieurs, mes chers amis. Il semblait bien, monsieur le Président, dans votre présentation aimable que nous allons avoir à travailler ensemble. Et j'ai eu l'occasion cet après-midi de lire également votre texte d'ouverture qui indiquait le désir de votre fédération que nous travaillions ensemble. Et je le souhaite aussi vivement pour ma part et je pense que c'est cela même qui va me donner le thème de mes remarques ce soir. If we are going to be working together, Mr. Kantor, then we may as well get to know each other and to understand each other. And it will be our duty as politicians to understand the role of small businessmen and businesswomen in this country, automobile dealers -- owner-managers, I guess, is a good expression for many of you. And it will of course be your duty to understand the government. Not necessarily ours but the government in general. And what I propose to do tonight is to briefly indicate the road I think we can follow, if this cooperation is going to be fruitful, if it's going to be beneficial to yourselves but most of all to all our fellow countrymen and women in Canada.

I suppose I know a little bit about the automobile industry, but I must say I was genuinely delighted to see the warmth and friendliness with which I have been meeting so many people tonight. There is such a fashion nowadays that business must hate government and that government must somehow distrust business, that we too as in many other of our industrialized societies are living through a period of non-communication, of dissatisfaction. And I must say my remarks had been prepared in a more aggressive vein -- I don't like to be defensive, so I generally go on the attack -- and I find it's not necessary. The people who are in your business, I think, are as good a cross section of Canada and Canadian business as can be found anywhere. You're in the kind of economic operation which puts you in contact with the consumers, with the small businessmen, with the communities in which you live and you also have to deal with many of the big multinationals. In a sense, the very product in which you're dealing, it's so essential and so vital to the society in which our generations have lived. But your function is tied not only to the life of the community, but to the values in which people believe. It's a barometer of the health or sickness of a society. Your profits and losses are as good a reflection as any economist can make about the opportunities in a society and the necessity in which you find yourselves to respond to the developing values, to the belief, to the faith of your fellow countrymen. That necessity is really a matter of life and death of your operations. You can't afford to be out of tune with the feeling of society. Those of you who still would want to be selling buggy whips wouldn't be making any money. Those of you who try to be too far in advance or too far behind the society wouldn't be successful in their operation. I suppose the automobile is, as has been said before so much better by so many people, that it's central to our lives and in many ways the automobile is very often the first thing as a child that you play with in a model form. It's something that when you're young and growing up you want to have and you're fascinated by the motor and the power it develops. And when you find your first jobs, you identify certain events in your life with the kind of automobile you had at that time or that your




boyfriend had at that time, and when you advance in life you sort of feel "Well, when I reach this age, that's the kind of car I'm going to have".

And in a sense, in a very real sense, you're at the center of the life, of the economic life of the society, but more important of the social life of our society. And you can't afford to be wrong and to misjudge it. And that's why it is important for us in government to understand you and to read the signals that you are giving the government about the future prosperity that you're envisaging or on the contrary the pessimism with which you regard the future. These are as good barometers as any the statisticians can make. And the fact that you've had good years for selling automobiles in '73, in '74, in '75 --in each year you've sold more and in '76 and I understand that in '77 the prospects are even better. Well this is as good a sign of the optimism which we can have in regarding our economy as any. You compare those years to the United States and I'm told their sales after reaching a high in '73, went down in '74, and down in '75 and it's true that they began to go up again in '76 but not fast enough to help President Ford. You know if I could have a success at the polls that you have with your sales of automobiles, I'd be very happy and I'd like to discuss it with any of you after -- you might have that secret. We've all been brought up with the automobiles, some more than others. I suppose, personally, I don't know if it's written in those biographical notes but I suppose I was brought up with the automobile more than most. My father was a garage man, a service station man and the earliest memories I have is that when there would be a storm he wouldn't be coming home because he'd be down there putting chains on the cars of the clients and if I'd go down to visit him at the office as children do, I'd see him doing one or other of the jobs at the garage where he was the owner-manager. And I can sense the importance of your small business and of other small businesses. 90 per cent of all businesses in Canada are defined as small businesses. Many of our laws are directed towards that community. Our corporation income tax has special rates -- as you know, 25 per cent for businesses of income tax returns of \$150,000 or less and that is the small businesses in Canada in that sense are I suppose as well treated as in other industrial societies -- probably better than in the United States where the limit I think is \$50,000. But the important point is that governments who don't understand what makes you work, who don't understand the role you play in society, are bound to fail not only politically, but they're bound to fail in the direction that they would give to the society, in the determination of their economic frameworks, in the determination of their ^{and} budgetary/fiscal policies. And that's why we need contact with you. That's why I welcome the suggestion made by your President in his speech and by many of the resolutions that you've been discussing, that you go down and discuss with the governments your business, the business of the economy. Just over the meal, we've been talking of some examples. Yes, we have the White Paper on Banking and we're going to have a Bank Act which comes up for renewal in 1977. And of course we need your input into that. And of course if you just let the bankers and the big economic and financial houses express their point of view, of course we won't be able to reflect exactly your feeling on this matter. It's not that we don't have car dealers even in Parliament. I think it's well known that car dealers are very involved in community affairs. If ever you have to have -- and I know this -- if you need some cars in a city for a V.I.P. parade,

well it's the car dealer who lends it, and if the schoolbook needs an ad, he gets it from the car dealer, and if the Pee-Wee hockey team needs a sponsor he very often finds it in the automobile people. And you are involved in the community, you have to. For the reasons I was saying you have to perceive what the dreams of the people are and also what their means are. And this suggestion you're making for discussing with us the course in which you would see this country and this economy grow, it's as important to us for understanding it as it is for you for the results. Et c'est pour cela que cette invitation m'a fait tellement plaisir. Et c'est pour cela également que je vous invite instamment non seulement à nous écrire, à nous visiter, à discuter avec nous, mais à lire également un dépliant, un pamphlet qui est laissé à la porte ici

quelque part où nous essayons d'exprimer quant à nous les orientations que le gouvernement veut prendre dans les années qui viennent. Because, we in government, and I think there's a misunderstanding to dispel too, we in government - well people don't get elected to politics you know because they just say "Now I'll be able to put my nose in other people's affairs". That's not the way it operates. And people don't run for Parliament or try to become the government because they want to be able to interfere in the life of the citizen, whether it be as a private citizen or as a businessman or as a member of society. People who are in politics and governments in general I guess their only job is to try and anticipate, let's say satisfy the needs of the society. And if they're good governments they probably will anticipate slightly, only slightly what the needs of tomorrow will be. And if they're more or less ordinary governments, they will try and catch up to the needs that are put to them by the many pressure groups and the many people in the electorate. But it's always a question of governments trying to satisfy the needs of the society which they are elected to direct. So these needs they are perceived in many ways of course. Through pressure groups, perceived through operation of the election, perceived through ^{our} many contacts with our constituents. But what we must do is try and understand the needs of others who are not necessarily in the same business or in the same kind of function or occupation as we are. Naturally the needs of the bankers as they have been put to us in order that we work on the decennial review of the Bank Act -- from what I understand they're not necessarily the same needs as you have. Well, that shouldn't embarrass you. Not all the bankers are my friends either. You have different needs and you should rely on them to represent you. But what I want to lead you into understanding is once again the role of the politician is to try and satisfy the common good as broadly defined, the greatest good of the greatest numbers. And this sometimes means reconciling, conflicting values, conflicting goals. You can take some easy examples. In our society and it's more and more true as societies develop, values change so quickly that you'll find that from one generation to another and from one geographical region to another and from one interest group to another, you have absolutely irreconcilable values. You know, the pro-abortionists and the anti-abortionists to use one example are absolutely irreconcilable and we cannot through our policies or legislation satisfy both. And it's true for those who believe in the death penalty and those who believe in the abolition of capital punishment. You can't just half-hang a man, you're for or you're against. And it's true in all the social values which develop. Even between -- you know I talk of generations, sometimes five years will



mean a difference -- the 15 year old just find that the 20 year old brother or sister is just a cop-out, they're not with it, they don't understand it: whether it be in a taste for music or for art or experiments in drugs as was the fashion a few years ago or probably still is. There's irreconcilable values and you see this in your families and in your neighbourhood. You know there are some things you just can't accept that are done around you and practiced as being very acceptable and practiceable by your neighbours or sometimes by members of your own family. And the job of governments is to try and reconcile these people. You know, we have it of course in the linguistic debate in Canada. We have it in the debate on regional economic expansion in Canada and what part of the country should be helped and who is getting what for who, and is Ottawa only governing for the French or is only governing for Central Canada and is forgetting about the West or the East? These are questions which have been asked all the time in every area and of course they're being asked in the economic area about which you've been having discussions in the past few days. But what is absolutely essential if our democracy is to be preserved and to endure and to flourish is to reject any -- I call it the diabolical theory of government. You know that politicians are devils and they're there to do us in, and we can't trust them no matter what party it is, they're just there seeking their own power and their own glory and their own advantage and we just can't trust them. And unfortunately this is more and more the prevailing mood in our democracy, partly because of the extreme values that I've been explaining to you. It's impossible to please all of the people all of the time everywhere immediately. It's impossible to satisfy every demand from every region at once, and therefore governments must have priorities, and if you help Priority A, well then Priority B feels that he has been left out. And in the age of instant communication, of course, we know right away what the advantage the other person is getting. And we realize that we're not getting it too and our demands are very, very catholic; they're very very broad. We want of course the old people to be looked after and there's no party ^{than} that can get anymore unpopular/by saying that we're not going to increase the old age pension. And this applies to family allowances, it applies to creating jobs for the unemployed, it applies to such schemes as medicare which are the envy of other countries. There's a whole series of demands which involve government, involve transfers by governments of tax dollars from one person to another or from one region to another. And if the government makes a mistake, if it goes too fast or too slow well not only is it unpopular, but also it creates divisions in the country and this is much more serious. And we'll never get over those divisions unless we can learn once again as Canadians to look at the whole, to look at the totality of demands. Some other examples are very much relevant to your field of operations. I suppose since about 1969-70, there's been an increasingly strong environmental lobby in Canada and at least since 1973 there's been a very strong lobby in the area of non-wastage of energy resources. Well for you it means that if you're not careful -- and you are careful: you're trying to produce cars that will have more mileage and cleaner exhaust and which will be of perhaps lighter weight or of greater durability -- but if you're too far ahead of the trend well then you'll probably won't sell the cars because you know they'll cost too much and people won't be able to afford to have the light, pollution-free, the perfect car. But if you're too far behind it, the governments will, under pressure from whoever it is, environmentalists or on its own desire to save on fuel

will sort of put its nose in your business and say "Look you've got to produce differently" and it won't be doing that for the simple pleasure of trying to run your business. It will be doing that because in its perception as a government, in its perception as a real social demand for that. And the production of whatever the instrument is, an automobile or a factory which is polluting a river or some other gadget which is taking up space and making noise, the production of it involves a social cost. Not only an economic cost -- what the raw material costs and what the overhead costs and what the salary costs and so and this is what we will sell it for -- but there's a social cost. While you're producing this gadget you're polluting the atmosphere or polluting the rivers or destroying the landscape and who's going to pay for that? Who is going to clean up the rivers because there're also people who rightly are complaining that the rivers are not fit to swim in. So either the government will step in and clean up the rivers or else the people who pollute it will have to clean up the river which mean they'll have to charge that cost to the consumer which is difficult when you're in the area of international trade because you can't hike yourselves out of the foreign market, or else you'll have to get your shareholders and your workers to accept lower incomes so that they out of their incomes will pay for the clean-up of the river that they're polluting. And this is the kind of problem that governments have to face. And I say in your business you're right in the middle of it. And in any way in which governments would attempt to forget this dilemma, this need of somebody paying the social cost would be calamitous for the society itself. And that's the basic understanding that we have to have nowadays of the role of government. It doesn't see its job as interfering in the economic system. There are there too I suppose some extremes just as you have the pro-capital punishment and the anti-capital punishment; you have those who feel that the best government is the government which does nothing except perhaps raise taxes for the police force and for the army to make sure that peace is kept in our society and for the rest of it -- just let the private sector, the entrepreneurs, the big corporations, let them do the job and the country will prosper. That's one extreme and the other is those who say we just can't possibly do that because if you do that it will be the law of the jungle, the strongest will become rich, the poor will live in misery, nobody will be able to look after the sick and the unemployable / ^{through} lack of intelligence, or because of physical handicaps, therefore the state must intervene and must make all the decisions. And there too are two irreconcilable options which unfortunately are becoming somewhat prevalent in more and more countries today. You have the extremes of the right and the extremes of the left to use the cliché and they're irreconcilable. And either of them leads ultimately to totalitarianism. But we in the democracies have to choose a middle way. We have to realize that it's the duty of the government to intervene in the market system if I can use that sacrilegious expression to intervene in the market system and to right some of the wrongs which come out of it, and some of them we accept automatically. Obviously, we know that it's not the market system which is producing the fire service or the police service or for that matter we know, realize that in a modern society, old age pensions, you can't just rely on the neighbour looking after the old person next door who is growing too old to go out and work. So we have pensions and the government intervenes and does some things like that. But in this middle way, we also realize that the government cannot

possibly make the hundreds of millions of decisions, economic decisions, which are necessary to make a society prosperous. It is not possible for the government to try and run even too many big businesses let alone hundreds of thousands of small businesses. So it's in this middle way that our democracies are finding themselves and where they have to find a way of reconciling these extreme values of social, economic and political extremes that I'm talking about. Well, that's what government is about, and the first thing we must dispel is this diabolical concept of politics -- that they're there in order to do us in. Politicians are there in order to serve you and do they do their damndest to make the laws as good and the policies as apt as they possibly can. They may lack in foresight, they may not be clever, they may not be able to predict exactly the trend but they know they can't just sit back and let it happen. You know, whether we talk about the rights of our native people, it just would not have been possible ten and five years ago to say "Well, why bother with the Indians and the Eskimos. They've got land claims but so what? I mean we were here first. They were here first but we were here with ^{the} big armies". And it's just not possible in a country to say "Well sure there's some rich provinces and some poor provinces and that's the way God made it and if people want to leave Newfoundland and the Maritimes because they can't find work, to go and work in Montreal or Toronto or Windsor or Vancouver, well that's you know that's the luck of the draw. Too bad, you were born in Come-by-Chance and chance didn't come your way and you had to come to Toronto or some awful thing like that". Now I'm talking from the point of view of the person in Come-by-Chance and many of them are returning from wherever it is, Sudbury or Noranda or Toronto or Montreal. They're going back to the Maritimes. Statistically the out-migration has reversed itself. And the Indians and the Eskimos, well they still ^{have} got a lot to hope for, but there's no longer the atmosphere of confrontation that you will recall just six and seven years ago. Some areas, we haven't solved. The French-English question it has its ups and downs or I suppose this is not a good time and a good province to talk about it because I want to keep out of the provincial election for obvious reasons. But it's not a problem that can go away and it's one which governments will have to solve, our government or some other government. And some may do it more cleverly and more adroitly than others but the problem has to be solved. And another problem which is developing now and which is worrisome because the more we seem to solve some problems the bigger, more problems come out. And now the problem seems to be and it's terrifying: that some provinces think that the others are out to get them. Not only Ottawa, not only the politicians but the rest of Canada, you know, and for a long time it was Quebec: "They want to destroy our language." Now, maybe it's Alberta: "They want our oil". No, this is terrible. It was terrible for Quebec and it's terrible for Alberta. You know the feeling now is that Alberta must protect itself in every way, constitutionally, politically in every way lest the rest of Canada go and grab those resources, you know, as though we were talking about some Middle Eastern countries who are afraid that the big bad Americans are going to come over and conquer them and take their oil. I'm singling out Alberta because I singled out Quebec first. And in a sense, I'm sure that the same feeling exists in the Maritimes. You know, they just don't trust the government -- whether it be our government or some other government. And the tradition in the West and the Prairie provinces of course has been always to be, not always but

for a long while to be against the national government, against Bay Street and St. James Street I guess is the better way of putting it. Well, I don't say there wasn't any cause in our history for suspicion, either that the central provinces wanted to exploit the West, or that the English wanted to dominate the French in Canada or that the Maritimes did not get the deal out of confederation that they ^{felt they} were entitled to. I don't say that our history has been right. It's been ^{wrong;} / we've made mistakes, previous governments have made mistakes, previous people have made mistakes. But what we've got to understand is that we cannot live forever the Battle of the Plains of Abraham to take one example. We can be just in our time, we can try today to be fair, but we can't undo what we did to the Indians and the Eskimos. It all happened 100 years ago or 50 years ago, perhaps even 25 years ago. It's too bad, we shouldn't have done it, and they shouldn't have abolished French as an official language in Manitoba in 1891 or whatever it was. And maybe other things shouldn't have been done.

A VOICE: What about Bill 22?

Well, I mean don't make me talk about that. I'm not trying to be unkind to Manitoba. I'm trying to make ^{you} understand... I talked about the Battle of the Plains of Abraham, I'm trying to make you understand the things in our history which didn't go right. But the question is: Can we forget them? Can we forgive them? And can we make them go better in the future? That's the question of Canada. That's the question of our democracy. You know we talk about confrontation, about management and labour, between management and labour, between the French and the English, between the East and the West, between the young and the old, and so it's become a cliché and I'm sure, you know, much of what you were discussing Mr. President is a bit in terms of confrontation. The government, you know, "if we don't watch the government, it's going to help the bankers rather than us." That's the state of affairs we're living in and that's the mentality we've got to get over and I'm going well ^{your} beyond / own business concerns obviously. I could, and I did have notes about a series of statistics and what small businesses and what we're doing with the Federal Business Development Bank and I think it's a third of a billion dollars that we lent to small businesses in 1975 and so on, but I feel that if I gave you a whole lot of statistics you wouldn't remember them and if you did you wouldn't believe them. Not because you don't trust me, I suppose, I hope, Pierre Trudeau, but because before we can even begin to solve the problems of your business and our laws we have to solve a much more basic problem and that's the understanding between the government and the people. And don't believe that it's only difficult in Canada. Sometimes, we politicians are inclined to believe that, but you know we can look at the other countries, the other democratic societies, those who have maintained their democracy and we find exactly the same phenomena. You know Watergate was one aspect of the great distrust of the people for its government. But you just have to look at the country I was just in, in Japan. You know, they've performed the economic miracle of the century. They're incredibly good businessmen and entrepreneurs. Do you think they trust their government? Go and ask their Prime Minister, he is having a lot of trouble right now. But they've learned to work together much more than we have. Look at Germany, they're just through an election where Chancellor Schmidt has just won in a minority government and a cliff hanger. He's got a coalition government. The most prosperous country in Europe; one of the other countries that performed an economic miracle. But the people are not satisfied and God knows they

have cause not to be satisfied in our own country the way we've bungled things -- don't quote that. Don't applaude that either! You know I'm of course thinking of inflation and what you feel about inflation and your resolution on the controls policy. Well that I suppose is as good an example as any of irreconcilable values. We all believe in letting the citizens exercise the maximum freedom. I'm talking too long, but never mind. But you know, did you want inflation at 10½ and 11½ per cent as we were having last year? Just think, I won't give too many examples but that meant that by 1980 the dollar would be worth, the then dollar would be worth 50 cents and by the year 2000 which after^{all is} only 25 years away and people are putting money away now for when they're going to retire in the year 2000.

The dollar would have been worth 5 cents at that rate. Obviously, something had to be done about inflation. And controls well, I won't talk in any detail about them except to say that they're as distasteful to the government as they are to the people who have to live under them. And the only deal that we hope is that we will all work together in order to create a kind of a society where the revolution of rising expectations doesn't cause our demands to exceed the possibility of society to fulfill them and let's not get into the blaming theory here either. I know I could blame the private sector for demanding too much and you obviously would blame the government for spending beyond its means and perhaps satisfying ... Spending too much for who? For the Canadian people. You know, we take it from A and we give it to B and the largest increase in our spending in the past few years have been the more^{than} a billion a year that we take from one part of the country and give it to the five eastern provinces so they'll pay the same price for their gasoline as they do in the rest of Canada. But this could easily and it has turned into a form of confrontation. For the moral of it is that yes in the area of your concerns, you must come and you must read this. I hope you will read this paper that is being distributed out there, that we published a couple of weeks ago. The Way Ahead, it's called. It's an effort to involve you in the shaping of the society in the years ahead. And this is difficult, it's difficult to get people concerned about that. I think it's Alvin Toffler who said "There is no constituency for the future." People are concerned about the here and now." Well the here and now is controls and we don't want to stay in the controls forever and you don't want us to stay in the controls forever. So what kind of a society are we going to have after? It's not only for the government to say it, because we can't make a society work just by making laws. You know, controlling inflation by the law was the easiest part of it, but trying to control our expectations by an agreement to change our behaviour so that we will agree as a nation to share our wealth from the rich to the poor and the rich regions to the poor regions, -- an agreement as a nation to live together and accept that others have different values than ours and reconcile them in some way. An agreement to live together as a nation with its behaviour and its expectations slightly cut down so that everyone, the consumers, the producers; the governments, the private, the public sectors, everyone can in some way by some kind of magic ask no more of the total society than the total society is producing. And I say by some magic because once again you can do it by rigid laws for a short period of time and then you get into a totalitarian system. You can do it by government restraints, but that's not freedom and that's not the way we propose. We propose self-restraint, self-

the private provinces of course has been always to be, not always the

discipline on government first. Yes I always say that because I want to make it quite clear that when we say that we're going to restrain the growth of government to the rate of growth of GNP, we mean it. And when we restrained the growth of the bureaucracy last year to 1½ per cent and to this year it will be less than 1 per cent and hopefully 0, we mean it. But this means we'll be serving you less well and redistributing less money around the country and perhaps helping not only the welfare bums but also the businessmen and the scientific sectors and the universities and all those who need money in order to operate or research or prosper. So it means that all of us together are going to have to somehow exercise more self-discipline, change our behaviour basically, and this is difficult because we're living in a society which believes immensely in the value of material goods and material satisfaction, in happiness in the here and now, the now generation as my wife calls it or she did when I married her. Don't quote that either. So in reality, the business we're involved in together is trying to define values which we can all share. It's trying to permit the government to satisfy those values by anticipating them slightly if possible, not waiting until the prices develop in order to try and do something about it, but try and understand how society is moving and where it's changing in order to correct the abuses if they're developing or in order to reinforce the successes if they are happening. Well, I'm personally optimistic. Je suis de ceux qui croient à l'avenir de ce pays. Je suis de ceux qui croient que les Canadiens en général ont confiance en l'avenir de ce pays, qui se sentent chez eux partout dans ce pays, qui se rendent compte qu'ils sont à vrai dire l'envie du monde. Vous pouvez demander aux plus de 100,000 immigrants qui viennent à chaque année au Canada pourquoi ils sont venus. Vous pouvez essayer de vous demander pourquoi le million et plus de personnes qui veulent venir au Canada, pourquoi ils veulent venir au Canada. Parce que c'est un pays qui a une chance inouïe. C'est un pays d'abord qui a des richesses naturelles extraordinaires. C'est un pays dont la population a un degré d'éducation et une connaissance de la technique aussi élevés que dans n'importe quel autre pays du monde. C'est un pays immensément riche. C'est un pays dont les succès passés sont une garantie pour l'avenir et c'est pour ça que personnellement, moi, je suis optimiste. But the governments alone can't do it. They have to build with the citizens. And the hardest job we will have to overcome, you and we in the government is to reestablish that credibility between ourselves, to end the confrontation and I don't know how you're going to do it in your businesses if you have labour troubles. We have labour troubles in government too and we're working at them and we're meeting with the labour leaders and trying to find ways to improve labour-management relations. And I can't go into all the difficulties that you must have in your own businesses, but I do know that if we don't resolve the basic difficulty between governments who are there to serve you and who want to serve you and the rest of society and the values and the ideals and the aspirations that they want to be fulfilled, then we can't make a go of it. (break in tape of one sentence)

19
We are a free people, we have a bloody red hot people, we have vastly abundant resources, we are the envy

10 -

Once again, I was in Japan just a couple of weeks ago. You know, their economic miracle - they don't have any raw materials, they don't have any energy. They have the ^{one} raw material which is important in a modern society -- it's their brain power and they use it. Well we have all the other raw materials too and we should be able at least to perform some economic miracle ourselves but to perform that economic miracle as I have faith that we can, we have to recreate a sense of purpose, re-believe in the public philosophy, rejoin a sense of Canada which has been seriously eroded by the events of the past ^{one} generation or two and which we must and we can reestablish in its strength and in its purity.

Issue of Jan 26, 1977 , pls see the back pocket



Office of
The Prime Minister

Cabinet du
Premier Ministre

CAI
PM
S76

March 3, 1977
le 3 mars 1977

Text of letters exchanged between the Prime Minister
and Mr. Keith Spicer, Commissioner of Official Languages

Texte de la correspondance entre le Premier ministre et
M. Keith Spicer, Commissaire aux Langues officielles

PRIME MINISTER · PREMIER MINISTRE

Dear Keith:

Thank you for your letter of March 2nd.

I fully understand and respect the reasons that have led you to the decision that it would be wisest not to accept a re-appointment of any substantial length following the end of your term on March 31st. I hope that you will indeed, with "the wider freedom of speech open to a private citizen" to which you refer, join in the very important debate about national unity and "the place of Quebec in Canada". There is no more important subject on our national agenda and there is no one better equipped than you to speak with authority about the relationships and the policies that are necessary for the unity and the future development of this country.

I think it would be highly desirable if you could continue in office until mid-summer to complete the matters to which you refer. I have accordingly given direction to have a motion prepared for introduction in the House of Commons at an early date to provide for a re-appointment effective until July 31st next. I hope that the motion will receive the support of the other Parties in Parliament. The government will, of course, also arrange for the introduction of a further motion before Parliament adjourns for the summer for the appointment of a successor, effective August 1st.

I should like to use this occasion to express to you the warm appreciation of the government and of myself personally - and, I feel confident, of Parliament and the people of Canada - for a job well and imaginatively done. It was of no little assistance to the progress to which you refer that you were able to carry through your important and exacting job with the light heart and good humour that came to be recognized as a particular quality of our country's first Commissioner of Official Languages.

Sincerely,

Mr. Keith Spicer,
Commissioner of Official Languages,
Vanguard Building,
Ottawa, Ontario,
K1A 0T8.



COMMISSAIRE AUX LANGUES OFFICIELLES

COMMISSIONER OF OFFICIAL LANGUAGES

OTTAWA, K1A 0T8

March 2, 1977

The Right Honourable Pierre Elliott Trudeau
Prime Minister of Canada
Ottawa

Dear Mr. Prime Minister,

We spoke on January 19 and again yesterday about the Government's suggestion of proposing an extension to my seven-year term, which ends on March 31. As I told you, I think it makes sense for me to leave my position on time or, if you and the other party leaders prefer, after a short transition period into mid-summer.

During the four months until July 31, three or four items might usefully be tidied up before my successor begins. They are: meeting the parliamentary committee for the customary explanation of my Annual Report, to be tabled on the last day of my term; following through on certain initiatives related to language in aviation; completing some consultations with the provinces and certain federal officials on offering wider language and exchange opportunities to Canadian young people; and working briefly with my successor to smooth the transfer of responsibilities.

There are three reasons for my wish to leave on schedule. First, I am convinced that in spite of setbacks which are now well-known, and in spite of painfully persistent exceptions, the principles and practices for fundamental language equality are well anchored. Denials of French-speakers' rights still occur too often. But on any objective evaluation, progress for French-speakers through federal initiatives has been basic, steady and pervasive. And beyond the stridency of some extremists, I believe that most English-speaking Canadians can understand it as normal that each citizen should be served in the language of his taxes and, if a federal employee, be encouraged to work in the official language he is more at home in.

Especially since my Annual Report of last March, I recognize that significant corrective action is being considered on most of my familiar complaints about the problems of working in French, the difficulties of English-speaking public servants in language training, the French-speaking minorities, youth programmes and information. In summing up, I consider that the very great part of our language reform is working well or reasonably well. Thanks to the Government's efforts, backed by your own constancy as well as that of the other party leaders and nearly all parliamentarians, I believe the reform, notably as regards services to the public, is soundly and irreversibly launched.

That launching was the main purpose of my term, and I am confident that the momentum toward equality, which so many federal employees have supported, will continue.

Second, every good cause can benefit after a time from fresh insights and talents. I have already stayed two years longer than I planned at the outset, and although I still love and enjoy the work, staleness has a way of creeping up on even the most enthusiastic actors.

Third, since the election of the Parti Québécois last November, I believe it important for all Canadians interested in a healthy, civilized relationship between English-speakers and French-speakers to devote more of their attention to the other historic part of this relationship besides shared bilingual institutions: the place of Quebec in Canada. With the wider freedom of speech open to a private citizen, and through the television, newspaper and university work I expect to engage in, I would like to make some contribution to the radically new debate which is starting to take place. For me, leaving my present work to participate in this debate only means pursuing in another sphere the same goal which marks the function of Commissioner of Official Languages: equal dignity for our two language communities.

I wish to thank you, Sir, and through your good offices, the other party leaders and parliamentarians, for allowing me the privilege of starting off this fascinating and rewarding position. I have immensely enjoyed the opportunity to work with interesting and open-minded Canadians in all walks of life, and assure you that I continue to support wholeheartedly the high ideals which Parliament set for Canadians in the Official Languages Act.

Please accept, Sir, the expression of my highest consideration.

A handwritten signature in cursive script, reading "Keith Spicer". The signature is fluid and elegant, with a long, sweeping underline that extends to the right.

Keith Spicer

PRIME MINISTER · PREMIER MINISTRE

Mon cher Keith,

Je vous remercie de votre lettre du 2 mars.

Je comprends bien les raisons qui vous ont incité à décider qu'il serait plus judicieux de ne pas accepter une longue prolongation de votre mandat au delà du 31 mars, date à laquelle il prendra fin. "Compte tenu que le simple citoyen jouit d'une plus grande liberté de parole", comme vous le dites dans votre lettre, j'espère bien que vous participerez au débat capital sur l'unité nationale et "la place du Québec au sein du Canada". Aucune priorité nationale ne prime sur celle-ci, et il ne se trouve pas, au pays, d'autorité plus compétente que vous pour nous parler des rapports et des politiques indispensables à l'unité et à l'essor futur du Canada.

Je crois en effet qu'il serait fort souhaitable que vous demeuriez en fonction jusqu'au milieu de l'été afin de régler les questions que vous signalez. J'ai en conséquence demandé que soit préparée une motion qui sera bientôt déposée en Chambre; elle prévoit le prolongement de votre mandat jusqu'au 31 juillet 1977. J'espère que la motion sera appuyée par les autres partis. Le gouvernement prendra aussi des dispositions pour qu'une autre motion soit déposée avant l'ajournement d'été en vue de la nomination de votre successeur à compter du 1^{er} août.

Je saisis l'occasion pour vous transmettre mes remerciements chaleureux, ainsi que ceux du gouvernement, pour avoir accompli votre travail avec autant de compétence et d'imagination et je me crois bien fondé de me faire aussi le porte-parole du Parlement et du peuple du Canada à cet égard. Je ne saurais terminer sans vous dire combien je crois que les progrès que vous mentionnez dans votre lettre ont bénéficié de l'apport précieux de votre humour et de votre équanimité dans une tâche importante et difficile, qualités que l'on attribue en propre au premier Commissaire aux langues officielles de notre pays.

Veuillez agréer, mon cher Keith, l'assurance de ma considération distinguée.

Monsieur Keith Spicer
Commissaire aux Langues officielles
Edifice Vanguard
Ottawa (Ontario)
K1A 0T8



COMMISSAIRE AUX LANGUES OFFICIELLES

COMMISSIONER OF OFFICIAL LANGUAGES

OTTAWA, K1A 0T8

le 2 mars 1977

Le très honorable Pierre-Elliott Trudeau
Premier ministre du Canada
Ottawa

Monsieur le Premier ministre,

La présente fait suite à notre conversation d'hier et à celle du 19 janvier dernier au sujet de la proposition du gouvernement en vue de proroger mon mandat de sept ans qui doit expirer le 31 mars prochain. Comme je vous l'ai indiqué, je crois qu'il serait judicieux que je quitte mon poste dans les délais prévus ou encore, si vous et les autres chefs de parti en exprimez le désir, après une brève période transitoire pouvant s'étendre jusqu'au milieu de l'été.

Pendant les quatre prochains mois, soit jusqu'au 31 juillet, je pourrais tenter de régler utilement trois ou quatre affaires avant que mon successeur ne prenne la relève. Ainsi, j'aimerais rencontrer le comité parlementaire pour expliquer, comme à chaque année, le Rapport annuel que je dois déposer le dernier jour de mon mandat; poursuivre certaines démarches entreprises dans le domaine du bilinguisme aérien; mener à bonne fin des consultations avec les provinces et quelques représentants du gouvernement fédéral en vue d'accroître les chances des jeunes Canadiens d'apprendre leur deuxième langue et de participer à des échanges; enfin, il serait peut-être bon que je travaille brièvement avec mon successeur afin de faciliter le transfert des responsabilités.

Trois raisons m'incitent à terminer mon mandat dans les délais prévus. Premièrement, je suis convaincu que malgré des revers notoires et l'affligeante et tenace présence de certaines exceptions, les principes et méthodes établis en vue d'instaurer une rigoureuse égalité linguistique ont pris racine. Certes, trop souvent encore on dénie aux francophones leurs droits. Toutefois, il convient de reconnaître en toute objectivité que les gains obtenus par les francophones grâce aux initiatives fédérales ont été fondamentaux et soutenus et se sont faits sentir dans l'ensemble des institutions de l'Etat. De plus, je suis persuadé que par delà les clameurs de quelques extrémistes, la plupart des Canadiens anglophones peuvent comprendre qu'il est normal pour chaque citoyen d'être servi dans la langue de ses impôts et, s'il est un fonctionnaire fédéral, d'être encouragé à travailler dans la langue officielle dans laquelle il se sent le plus à l'aise.

Je reconnais qu'en particulier depuis la publication de mon 5^e Rapport annuel, en mars dernier, d'importantes mesures sont à l'étude pour remédier aux questions que j'ai fréquemment soulevées: la difficulté de travailler en français, les problèmes occasionnés aux fonctionnaires anglophones par la formation linguistique, les minorités francophones, les programmes destinés aux jeunes et l'information. Bref, j'estime que dans une très large mesure, la réforme linguistique fonctionne bien ou relativement bien. Grâce aux efforts déployés par le gouvernement,

avec votre appui constant et celui des autres chefs de parti, et de l'ensemble des parlementaires, je crois que la réforme, notamment en ce qui concerne les services au public, est amorcée de façon sûre et irréversible.

Cette amorce a été le principal objectif de mon mandat, et je suis certain que le mouvement vers l'égalité qu'elle a engendré, et que tant de fonctionnaires fédéraux ont appuyé, se poursuivra.

Deuxièmement, l'apport de vues et de talents neufs ne peut, après un certain temps, qu'être profitable à toute bonne cause. Déjà, je suis resté en fonctions deux années de plus que je ne l'avais prévu au départ; certes, j'éprouve toujours, face à mon travail, énormément de satisfaction, mais on ne peut pas jouer Cyrano trop longtemps sans courir le risque d'imposer au public des tirades qui ne font plus mouche.

Troisièmement, depuis l'arrivée au pouvoir du Parti Québécois en novembre dernier, je crois qu'il est important pour tous les Canadiens désireux de voir s'instaurer des rapports sains et civilisés entre francophones et anglophones de concentrer davantage leur attention sur l'autre volet historique de ces rapports (l'un étant l'accès à des institutions bilingues communes): la place du Québec au sein du Canada. Compte tenu que le simple citoyen jouit d'une plus grande liberté de parole, je me propose de participer au débat qui s'ouvre à propos d'une situation radicalement différente par le biais d'une nouvelle carrière que je compte entreprendre à la télévision, dans les journaux et à l'université. Le fait de quitter mon travail actuel pour m'engager dans ce débat constitue pour moi une façon de poursuivre dans une autre sphère ce même objectif qui sous-tend la fonction de Commissaire aux langues officielles: une égale dignité pour nos deux groupes linguistiques.

Permettez-moi, Monsieur le Premier ministre, de vous remercier, ainsi que, par votre intermédiaire, les autres chefs de parti et parlementaires, du privilège qu'il m'a été donné d'occuper le premier ces fonctions à la fois passionnantes et enrichissantes. J'ai été très heureux d'avoir eu la chance de travailler avec bon nombre de Canadiens à l'esprit ouvert et dynamique. En terminant, je puis vous assurer que je continuerai d'appuyer sans réserve les valeurs que le Parlement, dans la Loi sur les langues officielles, a proposées à tous les Canadiens.

Veuillez croire, Monsieur le Premier ministre, à l'assurance de ma très haute considération.



Keith Spicer

Government
Publications

TRANSCRIPT OF THE PRIME MINISTER'S QUESTION & ANSWER
SESSION WITH THE CANADIAN ITALIAN BUSINESS AND PROFESSIONAL ASSOC.
TORONTO, MARCH 24, 1977

TRANSCRIPTION D'UNE DISCUSSION DU PREMIER MINISTRE AVEC LES
MEMBRES DE LA CANADIAN ITALIAN BUSINESS AND PROFESSIONAL ASSOCIATION
A TORONTO, LE 24 MARS 1977

MIKE POPRASHYN: Mr. Prime Minister, since human rights are a universal concern, are you prepared to enter into a dialogue with President Carter to formulate a North American position on the violation of human rights especially in the Soviet Union?

MR. TRUDEAU: Well, I did enter into that dialogue, Mike and ladies and gentlemen, and I don't think there is such a thing as a North American position. We are every bit as concerned about human rights as they are in the States and I'm sure in Europe, particularly in the European Community where they have a European Convention on Human Rights, they are every bit as concerned too. The real question is: how do we get those rights respected first in our own countries and then in countries other than our own. And President Carter has stated that he intends using perhaps a more direct and forceful approach, more direct than the one we've been using. When we feel that there are some violations of human rights, we have intervened -- sometimes by rather stark statements but sometimes merely by intervention in the diplomatic way of saying: look, here are these families wherever it is, in the Ukraine or in this part of the world of say of Romania and we'd like to have them exercise their human right to leave your country and come to Canada and can you do something about it and so on. So it's really a question of tactics and efficacy rather than, efficiency rather than of joint strategy. We will -- and I know my 90 seconds are running out -- we will in Belgrade later this year have to review the results of the Helsinki Statement on Detente and a very important part of that review will be how countries on both sides of the Iron Curtain are treating their people in their country and we certainly will want to exchange views with the United States and other democracies to compare notes on what the best way is to get results.

JEFF LYONS: Mr. Prime Minister, my name is Jeff Lyons and I'm very concerned in this country, particularly with respect to the Federal Government that we're not getting a proper Freedom of Information Act. I think, Mr. Prime Minister, I think you fudged on that issue. The Canadian Bar Association has brought a paper forward to you to which I don't think that they had any due recognition to what they suggested. And I think that in the provincial area we're moving in that field and I'm really concerned that there is no access to the civil service reports that reach the Cabinet level other than for official security. And what distresses me the most, Mr. Prime Minister, that you were elected to this office as a proponent of social justice and what I see now is one of your prime prerequisites in that area -- freedom of information -- you are refusing to do that. Now I would ask -- I think it's very important for the freedom in this country -- that we do have freedom of information.

MR. TRUDEAU: Well, Jeff, there are two aspects to that. And the first is the right of citizens to know things that concern them directly, immediately in terms of files and so on. And the other is the right -- question mark -- to know of what is going on in government in terms of who is giving what advice to who else. On the first point, I don't think you have any legitimate gripe. We've introduced in this Parliament a Human Rights Act which sets up a commission which permits individual to have access to information about them which might be, which might infringe on their freedoms and liberties and so on. The other aspect -- the right to know -- is how much of the internal workings of a government have to be put in the hands of the citizens. I'm on balance on the side of those who should say in a democracy the citizens should have as much information as possible in order to judge whether the governments

are making the right decisions and the right policies and so on. But basically, I don't see any reason why this necessarily implies that if I have a deputy minister write a memorandum to me, giving me advice on how to deal with a particular problem whether it be economic or social and so on, I don't see any absolute right for everybody to have access to that memorandum. And the reasoning is very simple: if we're going to have access, if he's going to write memorandums which are for publication, he won't write them with the same candor as he would if he knows it's just personal advice to me. And I think this is pretty important to the internal mechanisms of government. Now this doesn't mean we shouldn't release documents, but this means that there is an Official Secrets Act which could be made narrower if we wish but which says that there are certain things like Cabinet Minutes, what's going on in Cabinet is nobody's business but those who have taken ^{the} ~~oath~~ of secrecy in Cabinet. And we've published guidelines in Parliament in order to say what we would table on request and what we would not table on request. And the general principle is that we'll table anything that is requested, with a certain number of exceptions. Now you can there're too many, you can argue about them, but basically the exceptions are the same as exist in the United States, in Sweden, and in any other country that says that has more freedom of information. You know, we make exception for any document which will, would be deleterious to our relations with some other country, or which will harm federal-provincial relations, or which will unjustly damage the reputation of a citizen and so on. Now I know lawyers particularly and professors who make their living out of research into papers would like to have more access to more things and fine we're having...well, as I say we have these guidelines in Parliament now, we promised that in this Session we would present a paper to the Standing Committee on Rules and Regulations indicating our philosophy on these matters. It will be an expansion perhaps in more euphemistic terms of the principles I've just enunciated to you and which I don't think are so anti-democratic as you seem to believe.

ADAM SERANTI: Mr. Prime Minister, my name is Adam Seranti. In recent months, many organizations and individuals have held numerous discussions regarding the unity of Canada. Does the Federal Government propose to establish a commission or enquiry to study this important question of unity and if so will it be representative of the various ethnic and native groups across Canada?

MR. TRUDEAU: Well, at this stage, we don't propose to set up such a commission. We think that this problem is everybody's business and we're very happy to see the number of groups which are springing up in universities, in business, in the unions, in ethnic groups, in the co-operatives, all over the place. People are really saying: let's look at Canada and look what it should be in the years to come and let's see what conditions we have to fulfill in order to realize the greatness of this country. And at this stage, our position is merely one of encouraging that and there is a reason which is rather easy to explain. The great problem has arisen since we have in Quebec a government which is dedicated to separating that province from the rest of the country. And the government of that province has said quite clearly that it wasn't interested in any constitutional change, what it wanted was to separate. And when I'm faced with somebody who says I'm not interested in change -- I want out -- I don't see any reason why I should say: well, here is a lot of changes that we think we might offer, because that government will say: look, we're not interested in change; if you want to give us some more money or some more powers we'll take them, but we want out. In other

words, I don't think you negotiate with somebody who doesn't want to negotiate. But the people of Quebec and the people of Canada are something else again. I think they generally want to see a rebirth of this country, they want to "rededicate themselves to the Union" quoting Lincoln once again, they want to find ways in which after 110 years of one Constitution we can look at perhaps the formulation of another which would satisfy the economic, social, political, cultural realities of today, not of 110 years ago. And we have said as a government that we would welcome this dialogue, that we have our own input into that dialogue, we have, I'll -- just to mention specific examples between '69 and '71 -- mention a lot of areas which could become of provincial jurisdiction and others which should be federal. And we're prepared to engage in this dialogue. Except we think that one good result of the November 15th election in Quebec is that Canadians themselves, not only ~~their governments~~, but Canadians themselves are beginning to ask themselves about this country, about its conditions for survival and for its development. And we're encouraging that dialogue. At this stage, we're not setting up the commission that you suggest. It might be done at a later stage and, if so, I would hope that it would take very much into account that third group of Canadians which is neither from the British Isles, neither from France in origin.

ED NEGRIDGE: Yes, Mr. Prime Minister, my name is Ed Negridge. I'm going to quote from a copy of your remarks to the Congress of the United States. I'm taking this quotation from the transcript that was reproduced in the Globe and Mail. I'll assume it's accurate although I know that maybe a dangerous assumption to make.

MR. TRUDEAU: That's my line.

ED NEGRIDGE: Yes, I've heard it so often, I couldn't resist giving it back to you. You were quoting about minorities

and you said "nor would the separation of Quebec contribute in any fashion to the confidence of the many cultural minorities of diverse origin who dwell throughout Canada. These communities have been encouraged for decades to retain their own identities and to preserve their own culture. They have done so and flourished nowhere more spectacularly than in the Prairie provinces of Alberta, Saskatchewan and Manitoba. The sudden departure of Quebec would signify the tragic failure of our pluralistic dream, the fracturing of our cultural mosaic and would likely remove much of the determination of Canadians to protect their cultural minorities." I don't think it's unreasonable to assume that in those provinces of Canada the majority of the population is made up of people who are neither of English nor French stock. What I would like you to elaborate upon, Mr. Prime Minister, is who do you mean when you refer to Canadians and who do you mean when you refer to cultural minorities and are you implying that those who are of neither English nor French stock wouldn't treat with the same encouragement the French and English minorities the same way the French and English minorities have treated them in the past?

MR. TRUDEAU: Yes, that's a good question. I think it's a question of how does one conceive the country and to just answer in broad strokes, you know we've, there're two concepts which in a sense have been, have opposed one another. One is the melting pot, and I know that's changing too, but let me not go into details. The melting pot -- the United States of America's conception that we welcome everyone and we want to turn them into Americans. You know, you not only integrate into the society but in a sense you assimilate. And this is not against human rights or anything else, but this is a conception of society and America will be strong if we are united in "our American way of life". The other conception is the multi-cultural one: the mosaic, the pluralistic one, the one based on the belief that you can have a strong society while you not only accept and

respect but even encourage the development of individual cultural traits. And that's been our multi-cultural policy. And though we formulated it into a policy -- I think in '69 -- it's been part of the Canadian reality long before my time. I suppose Wilfrid Laurier was the first who sort of speaks of these things when he describes the Canadian cathedral made of stone and wood and everything else. Now what I'm saying is that if we can't make a go of this country with two official languages, shall we say if we can't make a go of a country wherein a very numerous and strong and historically rooted French-speaking community has its right not only to exist but to fulfill itself, if we can't make a go of that the chances are that our idea of a mosaic will crumble. And this doesn't mean that suddenly the Anglo-Saxons are going to become intolerant and to persecute the other minorities. It'll mean that our dream of a spiritual union of people of all colours and creeds, and races and sexes and ethnic origins, that dream will have failed in a very tragic way. And I say if that dream fails, chances are that we will say well let's go back to the melting pot idea because if the French-speaking Canadians can break away in order to form their society, next it will be the Ukrainians and after that the Italians and after that the Indians and the Eskimos and you know, so that's the two conceptions which are facing each other. I think the Canadian conception is a more noble one in spiritual and historic terms, but in terms of experience, of what works, it's a very much more difficult one. You know, the assimilation is easier than the integration process. If we had managed to assimilate those Indians and Eskimos that we didn't make extinct, we wouldn't have the Indian problem today, but in a sense we're richer because we have the Indian problem because of this ancient culture and these people who just 20 years ago were living in a stone age, and we have to, as human beings, find an answer for them -- which is much more difficult than finding an answer for the problem of Italians in Toronto. But you know these in a sense there're all part of the same problem and I say if we fail to do it with French and English which after all are two of the most important

mainstreams of Western civilization, then I don't think we'll do it with the Ukranian Canadian, or the Italian Canadian, or the Chinese Canadian or for that matter the Indian Canadian. But you know I don't think it's going to happen, so it's just a kind of a philosophical point of view with which you can disagree but which we don't have to agree on because once again I don't think we're going to depart from this reality of Canada.

ADAM MICHALCHUK: Mr. Prime Minister, my name is Adam Michalchuk. In view of your recent statements on human rights, will there be a change in the government's present policy of forceably repatriating East European refugees to their country of origin without giving them the opportunity of going to a third country? We refer specifically to the 100 - 300 individuals per year from East Europe who apply for refugee status from within Canada.

MR. TRUDEAU: Well, perhaps you'll need a supplementary because I'm not quite sure what case you're referring to. But let me just answer in **theory**. People who come here as genuine refugees as recognized by the United Nations Refugee Associations, they are accepted in Canada. Canada has the best record in the world in per capita terms and the second best in absolute numbers in terms of accepting refugees. You know, you name it -- Vietnam, Thibet, Chile, Hungary, Czechoslovakia, we've welcomed them all and I hope we will continue to welcome them. But when people come here as tourists and then decide they want to stay, we say this is not democratic, you know. If you want to come in, cue up (applause).

ADAM MICHALCHUK: Could I just add to that? Mr. Trudeau you have a 93 per cent rejection rate of Eastern European refugee applications and these people are all forceably sent back. They're sent back by Air Canada, they're put in a **hold** area, they're not allowed to ask for asylum in any third country. Some of them leave voluntarily. Yet Air Canada and your Immigration Department ...

CHAIRMAN: Out of order.

MR. TRUDEAU: Well, you know, I'll take note of the supplementary. Perhaps that is some statistic of which I should be made aware. I don't know the circumstances of these people. I do know that a devil of a lot of people come as tourists and if that is the case they're not refugees -- they're coming as tourists under false representations. If they come as refugees, I quite frankly don't think that we send them back.

You know a refugee doesn't mean a person who comes from a poor country and who wants to come to Canada. A refugee has a very specific meaning in terms of United Nations definition and that's why we had this long argument with ^{the} Haitians. You know a lot of bonified Haitians we sent back, probably three times as many as the number of East Europeans you've mentioned and this causes us trouble in Quebec because the Haitians are French-speaking and they say yes, you don't keep these refugees. Well, they're not refugees merely because they come from a country which is poor and they'd like to come in Canada. We welcome a lot of Haitians -- there're thousands coming in -- except we say, you know, come in as immigrants, don't call yourself a refugee because you know refugee means you're persecuted for political reasons and your life is in danger and so on and so on. Sorry.

JEAN-CLAUDE WHEELER: Mr. Prime Minister, my name is Jean-Claude Wheeler and I want to ask you a question in French if you don't mind.

MR. TRUDEAU: Ca m'est égal.

JEAN-CLAUDE WHEELER: A quel moment la Banque du Canada va intervenir pour supporter le taux du dollar canadien

et les conséquences dans le marché de l'emploi si le dollar tombe entre 76 et 80 cents par rapport au dollar américain?

MR. TRUDEAU: Entre 75 et?

JEAN-CLAUDE WHEELER: Et 80 cents. I would like to translate that: I'm saying that at what time the Government of Canada is going to intervene to support the Canadian dollar and the consequences if the dollar falls at 76 or 80 cents versus American dollars?

MR. TRUDEAU: Eh bien, ce n'est pas notre politique d'intervenir pour fixer un taux du dollar qui serait artificiel. Le marché international décide de la valeur du dollar canadien. In other words, we've got a floating dollar and if it's the judgement of the money markets of the world that the Canadian dollar is worth less, then we're not going to intervene to prevent it from being traded at less. In other words, we're not going to go into exchange controls and try to pretend that we are richer when we are poorer. If the Canadian dollar falls, it's because the judgement of the world -- well, that's for a very simple reason, it's because our trade and balances are such that we're living beyond our means, that we're buying more than we're selling, and the money traders of the world are giving us a message. They're saying: you, Canadians, are trying to live too high off the hog and you think your dollar is worth a lot more than it is and we're going to start selling it short. Now that's what happened: the dollar fell about 10 per cent in the last year. Why? Because we're no longer as competitive as we should be, because we can't sell as much in the foreign market, because we're not as productive, because our costs are too high, because our labour is asking for too much, because our entrepreneurs are not as bright (applause). I hope the applause did cut out the last phrase because the entrepreneurs are not as bright as in other countries. (applause) You know

we're in a tough competitive world and Canada is a trading nation. And through lack of ingenuity our productivity or because we want to have medicare and family allowances and old age pensions and everything for free and we don't want to pay taxes for it, we want to have a power to buy as much as before as though we didn't have medicare and old age pensions and so on, we're just fooling ourselves. And the people out there in the cold hard world won't be fooled and they say: jeez the Canadians you know they're not quite making it, they can't sell as much as they buy and we get a signal when the dollar falls. And if we don't see that signal and we try to pretend that we are as rich as before or we try to increase our whatever it is, our profits or our wages as though the dollar hadn't fallen then we'll have another devaluation and another one after that and we'll go down the drain. And that's why we're living in a pretty serious time. And I hope that rather than ask the Bank of Canada to support the dollar we look at ourselves and say: what can we do to work harder to produce more and to be more competitive?

PAUL THESSER: Mr. Prime Minister, my name is Paul Thesser. I'd like to ask you if the government is contemplating continuing the wage and price controls until the end of the mandated term, and what thought the government is giving to how the industrial strife, that is between labour and management, can be controlled in the post-control period?

MR. TRUDEAU: Well, on the first question, the answer is: the date is not known even to me. We have said that we would end controls before the end of December '78, if we had created before then the economic conditions under which voluntarily without controls we wouldn't set off again on the inflationary spiral. And we're working at that. We had what Donald Macdonald called a historic meeting this very week where labour and management got together and agreed that

we were in some economic trouble. Probably not as brutally as I just explained to the previous questioner, but you know management and labour and the government are getting together to say let's at least agree that everything is not perfect with the economy and we have to do some pretty hard things in order to set it right, including some of those I've just enumerated -- work hard, be more productive, pay through our taxes for the higher social benefits we get and so on. Now, if this kind of agreement can be reached before the end of December '78, we will get out of controls before the end of December '78, but this means that the employers, the unions, the governments (provincial, municipal and federal) as employers too, will all have to recognize that they've been having it too good for too long and that we're into hard times now with high inflation and high unemployment, and this calls for a certain amount of self-sacrifice. And if we can achieve this spirit of self-sacrifice, we'll get out of controls earlier. Otherwise, we won't.

Now your second part of the question was?

PAUL THESSER: Well, it related to the destructive relationships between management and labour...

MR. TRUDEAU: Well, a very high strike record and so on. I think we are concerned about that. That too is part of our discussions. Let me just say that insofar as that is concerned, 85 per cent of all labour comes under provincial jurisdiction. But insofar as it comes under federal jurisdiction, that 15 per cent which is left -- and insofar as we as employers of our own public service is concerned -- we are determined to make sure that people don't get out of the economy more than is being put in. You know there're some general guidelines: if the economy is growing at 4 per cent in real terms and at 5 per cent in money terms, people shouldn't be trying to get more than 9 per cent whatever it is in their contracts and they should be trying to get less. You know, we've just heard

the example of their powerful union in the West asking for a 30 per cent increase. Well, you know, there's no way in which that can or should be given. If that's going to be the spirit of the thing, we ain't ever going to get out of controls. Don't quote me as saying "ever" but you know (applause).

CHAIRMAN: The time is 1:45 and we have time for three more questions and we would like to get that woman on mike 1 to come up because I see some strain on the face of Laura Sabia. Let's go to mike no. 1.

MR. TRUDEAU: Mr. Chairman, I have to say when I say we'll never get out of controls, I just remembered how I frighten people easily by saying things like that, but the law expires in December '78 and after that it's doubtful whether we could, even if we wanted, get a law passed because the Supreme Court might decide that the emergency is over and so on. So by "ever", I mean not before the end of December '78.

(inaudible) : Mr. Prime Minister..since the country is officially bilingual and multi-cultural, why is it that (a) the independent Ministry of Multi-culturalism was done away with; (b) federal funding for the existing multi-cultural program has been reducing by 50 per cent from the original funding of 1971 when the multi-cultural program was originated; however, for bilingualism funding has increased greatly during this period of time.

MR. TRUDEAU: Well, on your first question. It's very simple. You know at special times, I name ministers for special subjects. I have one for sports now, didn't have one last year, might not have one next year. She's a damn good minister and if she's not Minister of Sports, she'll be a minister of something else. But what I mean, what I mean is

that I like a bit of flexibility, and when there're special problems that need to be set up or dealt with in a special way -- I did that with small business, too, because I think of the very great importance of small business at this time in our economic history, I named a special minister for that. Now, a few years ago, I named a special minister to move the multi-cultural policy ahead, because it wasn't moving ahead as well as I would like. So, then, I needed special ministers for everything else and since you can't have a Cabinet which indefinitely grows I change these special ministers. Very good example as I suppose that I have no special minister for the status of women. That's just as important as multi-culturalism, perhaps even more in terms of numbers. But, you know, the job is being done Mr. Lalonde. No? One lady doesn't agree, I mean it's probably an ethnic who doesn't agree. So, you know, I don't think you should make an argument on that. If at one point, I see that we're really not doing that job properly and we need a special minister, I'll consider again naming a special minister, but I don't think you should judge the importance of any particular topic or policy by the number of ministers involved in it. I may be wrong, but as I say I try to be flexible in answering to the particular demands of the time. We have no special minister for youth, maybe I should have one next year. You know, the problem of the youth is a very important one, especially in terms of high unemployment. But the job now is spread between the Secretary of State and the Minister of Manpower and so on, while multi-culturalism is given to a very senior and able minister, Mr. Munro. So that's for the first part of the question. On the statistics that you gave, I doubt very much whether there're right. It's true that we've increased expenditures for bilingualism and I hope that I wouldn't have to explain why. But in terms of multi-culturalism, we probably did not grow as fast as you or I would like but we've heard a lot about government having to cut expenses and we've cut them in a lot of areas. Not/that we've reduced expenditures

but we haven't grown as fast as perhaps the need might be but that's part of the earlier problem that I was saying before, you know, we're all living beyond our means, especially governments. Because they want to do too many things for people. And we're trying to cut back and in fact we have cut back. Last year, we grew at a rate which is less than Gross National Product and this year we'll grow at a rate which is I think something like half of the rate of our Gross National Product. We'd like to do more. You know, we'd like to spend much more on multi-culturalism. We'd like to spend much more on -- I'm sure I'll get applause, but I'll interrupt you -- on intraurban transport. We'd like to get more for subsidizing the ferries in Newfoundland. We'd like to spend more in order to get better social services and so on. But we can't meet all the needs of all the people all the time right away. We tried to do that and we found ourselves into an inflationary situation and we're not going to make that mistake again. But this being said, multi-culturalism particularly the Italian component is very important for our government. (Applause)

JOE PERNOCK: Mr. Prime Minister, my name is Joe Pernock. You made a comment to an earlier question that we should be working harder and smarter in order to get more for our dollar in terms of the world market. And with many of the businesses in Canada being very small businesses and small business people working very hard and very smart, there seems to be a bit of a disadvantage to those small businesses in comparison to the larger businesses which are also exporters for the most part and have the ability to get greater sales out of those export products because of the lower dollar where the small business selling in Canada is burdened with increasing ^{only} costs and adding to the inflation of not/his business but the consumer at large.

MR. TRUDEAU: Well, that's true and that's why we have a very special tax rate for small businesses. In terms

of corporate taxes, your tax can be as much as, as little as half of what the tax of the big businesses are. And just last year, we increased the criteria by which we define small businesses. I think we doubled the figure whereby, under the ceiling of which one would still be operating a small business. So, you know, we agree with you and taxwise we've given small business a very substantial break. Now, we probably should be doing more. For instance, in the area of all these forms and red-tape and everything else, the small business can't afford to hire all the people it needs to file all the forms, federal, provincial and municipal that you have to. And one of the things I've asked the new Minister for Small Business, Mr. Len Marchand, to do is to try and find ways of simplifying that. We've also asked the Federal Business Development Bank to pay much more attention and to spend many more of its funds in the area of the small businesses. And we think that they are doing that and that they will do that more and more. We've also tried to simplify the job of small businesses who had to go for funds at one place and for expertise at another. We've asked the Federal Business Development Bank to bring these together because the small businessman doesn't have the time and the money and ability to go shopping at two or three different federal institutions in order to get the help. So you know, I agree with what you say and I hope that in the forthcoming budget of next week of which, of course, I know nothing (laughter) I hope there will be more for small business. But we named a minister because the concern you mentioned is a very real one and I hope that we will be judged severely - favourably or unfavourably - by what we do in the coming months and years in that area.

JOHN LETLIE: Mr. Prime Minister, my name is John Letlie, I represent a medium-size company and our biggest

problem is the fact that we pay tax at a rate 50 per cent higher than our U.S. competition. And the reason for that is tax on inventory profit. Now, we've done everything in our power in the last six years, we built three new plants in Canada where they've been as cost effective as we could make them, but we've lost 200 jobs in the last two years and we face some serious problems in the next two years unless some relief can be given to us in relation to U.S. competition.

MR. TRUDEAU: Well, I think that's just one other aspect of the very seriousness of the problem of inflation. And if I understand your reasoning well, the taxes on inventory profits is a matter of even having to pay taxes on money profits as it were and that is a matter for accounting which can be studied and modified. I know this is being looked at by the Minister of Finance and the Minister of National Revenue. I don't know if there is any possibility of moving in that direction, but I think you and I would agree that this happened because we have inflation which, we had inflation which was very serious, and in which in particular the United States has outperformed us. And that is why I was answering an earlier question in saying that we still have to fight very hard to bring inflation down and hopefully solve one aspect of the problem you just asked.

JOHN LETLIE: But they allow inventory to be valued on a different system and their tax laws than we do.

MR. TRUDEAU: I know, **frightful** and so on... they have different tax laws than we have. In this particular aspect, the bigger businesses get a break on their inventories; in other aspects, our businesses have a break. I think that the...

JOHN LETLIE: I can assure you the 200 people that don't have jobs in our company don't think it was a laughing matter.

MR. TRUDEAU: Thank you for assuring me that.

(applause)

JOHN PECORA: Mr. Prime Minister, my name is John Pecora and I'm interested in knowing why René Levesque is allowed to run around and represent Quebec as a separate entity from the rest of Canada and if his representation is in fact hindering the economic situation here in Canada?

MR. TRUDEAU: Well, you know, we still have freedom of movement in our country and if a person wants to run around and say anything, I suppose there's very little we can do about it unless it's illegal. And...

JOHN PECORA: Is it not against the law, Mr. Prime Minister to run around and represent...for instance, when he was in New York City and he was talking to the business community and he suddenly became associated with the Americans and cut himself off completely from his I think legal ties to the rest of Canada?

MR. TRUDEAU: Well, if he were to do anything illegal you know he'd be arrested and tried for illegality. But you can say what you want, you know you can...no law against preaching separatism or for that matter maoism or facism or any other ism in Canada. It's a free society. We just rely on the good judgement of Canadians not to vote for the kookie ideas and (applause). In the case of separatism, it's a more serious proposition because the people of Quebec -- many of them -- feel -- perhaps the majority of them -- feel that they haven't found their proper place within the Canadian society and the answer is not to prevent the leaders of separatism to propose that solution to Canadians. The answer is surely to tell

Canadians, Quebecers in particular, that we have a better solution and to make sure that that better solution is known to them and is acceptable to them. But I know I feel for you, I feel annoyed at it too, but we don't outlaw ideas unless they are directly conducive to violence. I think what we did in 1970 shows that if one is going to pursue separatism by violence, we won't hesitate, we didn't hesitate to take extremely, extremely strong action. But if you want to do it democratically, I've always said: the country can only hold together because of the will of the people. It won't hold together because we send the police or an army in. And let's make sure that the will of the people is towards a strong united Canada and that depends not only on government but on all of us...

TRANSCRIPT OF THE PRIME MINISTER'S REMARKS
AT THE WESTERN DEVELOPMENT MUSEUM, SASKATOON, SASKATCHEWAN
APRIL 19, 1977

Government
Publications

TRANSCRIPTION DES REMARQUES DU PREMIER MINISTRE AU WESTERN
DEVELOPMENT MUSEUM, A SASKATOON, SASKATCHEWAN
LE 19 AVRIL, 1977

I thought I would talk to you about a make-believe subject: the war. Supposing that our country was under attack, supposing that a foreign enemy with a huge army was in to destroy our country, could you imagine what the reaction of Canadians would be? Can you imagine the dedication to unity, the sudden coming together of all our aspirations and forces, our reaction to this threat of some foreign army which by force would destroy our country? We would come together, we would unified in a way which has not been seen in years. Well, that's only make-believe. There is no outside enemy who wants to destroy this country by force of arms. It's just as much fantasy of the main street that we're standing in today. But there is an inside enemy that wants to destroy this country, not by the force of arms but by the force of ideas, by the force of conviction using our democratic rights to express really - as they have a right to do - the idea that this country should be destroyed, that Canada should be divided. Sometimes I wonder if in far-away Saskatchewan you think that that is real or is just a fantasy. I don't think it's far away for you. I think that you understand this reality -- it's a possibility -- but I do want to talk with you tonight about the reactions we should have, the answers we should give to this very real threat not of a foreign enemy but of an internal enemy, and a peaceful, I'd even say an honorable one, certainly one which is using the law and the democratic liberties

to seek its aims. Have you thought what it would mean if they succeed? You know the geography of our country. You know that if Quebec is independent, if Quebec is no longer a part of Canada, it means that our country is divided in two just as surely as East and West Pakistan were divided in two. It's divided in two and there is no land bridge across this independent foreign country called a free Quebec, with the Maritimes at one end and then Central Canada and the West at the other end and an independent country in between. And you know that it's in the program of this country also to take over Labrador peacefully through the International Court of Justice and to take over the islands in Hudson Bay. It is also in that idea that they will take over the North, Baffin Land and

some sector up to the North Pole. This is deadly serious business. I hope that we all realize that, that the threat is not fanciful. We're not in a wonderland. It's a very real government which was elected democratically in the Province of Quebec which wants to get out of Canada. That's pretty frightening and I think it demands a very, very serious response and not one in the distant future, one now. Because that government, that Prime Minister has told us that he will seek a mandate to bring Quebec out of Confederation, out of Canada in the next few years through a referendum. Unless you had any doubts about maybe it was bluff and maybe it was only a bargaining tactic, the Prime Minister of that Province went to New York and many of you saw him on television and told them quite bluntly that that's what he wanted - to take Quebec out of Canada, to divide Canada, to break its wholeness, to fracture it in two. Well, what are we going to do then? I was just reading in the paper yesterday here in the West that one of the most important ministers, Mr. Morin from Quebec, had come to Winnipeg no less to explain that he wanted to help the French-speaking Canadians in Winnipeg, that he was going to, and he did, talk to Premier Schreyer, and I read that they have a program of having a "Quebec Week" in Toronto where they are going to explain the peaceful aims of Quebec and a "Quebec Week" in Vancouver where they are going to explain the peaceful and democratic aims of Quebec. And I just saw that the Premier of the Province, Premier Levesque, was in Prince Edward Island explaining to them the peaceful aims of Quebec to fracture Canada.

What do you think they are coming out here for? You don't think that you're going to vote in that referendum, do you? You don't think that you're going to help keep Canada together in Quebec by a vote in that referendum or for that matter at the next election? What are they coming out here for? Because they need you, they need you Westerners to win the referendum. If they didn't need you, they would not be wasting their time with you. You know Quebec is a hard province to govern, it's got a lot of problems. The reason Mr. Levesque was in New York was not because he just wanted to spend the time of day there, because he needed their money. And the reason why his most important minister is coming out west is because he needs your help. They know they can't win the referendum all alone. Le Parti Québécois knows that it lost the election in 1970 and

that it lost it again in 1973 when it spoke to the people of Quebec about independence. The people of Quebec threw them out. So in 1976, you know the story. They said we won't talk to you about independence, we'll talk to you about good government. Well, let's just have good government, we'll see later. We'll talk about a referendum, we'll talk about independence later -- which they're doing. They are not liars, they are not trying to bluff you. I think they are even honest men. I think they are misguided. I think their ideas are wrong, but they need your help. They know I'm not going to help them. They know Otto Lang is not going to help them. They know the Federal Government is not going to help them. They know that our party has said we will not negotiate separation with Quebec and I'm sure that is true of the Tories and of the NDP party too. They need your help to win their referendum in Quebec. They want to be able to go back to Quebec and say "See, we went out there. We went to Toronto. We went to Winnipeg. We'll be going to Saskatoon. We're going to Vancouver. We explained our ideas to these people. They received us as friends, except they didn't agree, but they received us as friends. They'll make a deal with us. It's going to be a better country. We speak French in Quebec, you'll speak English elsewhere, we'll all be friends. You've heard the message." They need you to say yes, it's not a bad idea. Maybe it's better. Why should we let these guys in Ottawa force French down our throats when we have Mr. Levesque saying we don't need French in the rest of Canada, we only want it in Quebec. What is this business of bilingualism or the Official Languages policy? Let's be friends. Let's have Quebec independent. Canada will be independent. We'll speak English, they'll speak French. Everything will be fine. They want you to say that's a great idea or else they want you to say we don't care about Quebec; if they want to go, let them get out. We've already given them too much money and too much dough and too many policies. That's what they want you to say. You don't understand this? They are not coming to you as friends (applause). They are deadly earnest. They want to fracture the country and they need the help of the other provinces because they know that Quebecers have voted against separatism. They know the only condition under which Quebecers would vote for separatism would be either if the rest of the country said we don't care, let Quebec go, we're not prepared to pay any price to keep Quebec in, or alternatively:

gee, this is a good government, it's a good progressive government in Quebec; it only wants to have French in Quebec, English elsewhere, it's an easier solution than this complicated language policy that Trudeau is talking about. So they want to catch you in this dilemma. And I hope you won't fall for it because it's a siren song, you see. You'll have to remind yourselves that what they want to do is to fracture the country. Oh, they'll patch it together again: as soon as Quebec is independent they'll seek an association with you. It will be great. You know we'll have a common market or maybe a monetary union or something. We'll all be friends. We'll have economic relations. Just let us be independent first. They are trying to con you, my friends. They are trying to tell you that we can have independence and that everybody will be just as happy after as before, even more happy, less complicated. And they need you to fall for that line.

So what should we do when they come to talk to us. We shouldn't close the door, we shouldn't say well, there is no free speech in Canada, we don't want to hear your message, but we should say look if you think you haven't got a good deal in Quebec, you tell them we in the West think we don't have all that great a deal in Canada too. We think that practiced Confederation since Sir John A. Macdonald's National Policy has been a little bit too oriented towards Central Canada. We think that the policies should change. We need certain things to be done in agriculture or in transportation and we're asking for them and we're sending to Ottawa men like Otto to get them done or men from other parties too. We think in the West that we haven't always had it rosy under Confederation. But we are not breaking up the country. We're just making darn sure that the people we send to Ottawa bring in better legislation for us and we give them the chance and if they don't do it we'll put in some other party. That's our way in the West of trying to improve the fate of the people in the West. And if you in Quebec want to improve the situation of people in Quebec, if you think you want a better deal, if you've got some better propositions, if you've got some laws you want to see passed, if you've got some constitutional changes you want to see, let's hear about them. We'll sit down and we'll talk with you, we're interested. The Constitution is 110 years'old (applause). It was a great document 110 years ago, but we don't think it's going to last forever. Sure, it can be improved. Do you

want to sit down, Mr. Levesque? You want to sit down, Mr. Morin and discuss with us how it can be improved, come on in, maybe we'll agree on a lot of things. Maybe these guys in Ottawa don't understand too well. But don't you come here telling us that you want to break the country first because if you do you won't here have our ear.

(applause) You want to improve Confederation, sit down we'll talk it over. You want to bust up the country? We don't want to hear about it. Stay home don't come and see us !

Now that's what I want you to remember. You know when they come here from Quebec for their "Quebec Weeks," don't forget what they want. They want your help so that they can win their referendum for an independent Quebec. And under those circumstances, you say what I say: Canada is not divisible. We won't discuss it. Finished, that's it (applause). Et ça s'applique aussi aux Francophones des provinces de l'Ouest, comme des Francophones des provinces de l'Est. Ça s'applique à eux aussi. (applause) Quand je vois, quand j'entends M. Morin venir à Winnipeg et dire "Bien on voudrait aider un peu les Francophones". Depuis quand est-ce que les séparatistes ont approuvé la politique des langues officielles du Gouvernement fédéral? Ils s'en sont toujours nargués. D'accord, on n'a pas fait des merveilles, on n'a pas obligé les provinces à faire autant qu'on aimerait-- la Constitution ne le permet pas, mais on a tout de même turbiné pas mal depuis dix ans pour faire en sorte qu'au moins le Gouvernement fédéral puisse servir des citoyens dans les deux langues officielles. Quand est-ce qu'on a eu l'appui de M. Levesque ou de M. Morin? Quand? (applause) Jamais! Ils ont maintenant le culot qu'ils ont au pouvoir, ils ont maintenant le culot de venir qu'ils veulent aider les Francophones de l'Ouest quand ils n'ont jamais même appuyé notre politique des langues officielles. Quand le même M. Morin -- the same Mr. Morin when he was advising the previous Premier in Victoria in 1970, was telling Quebec: we should not agree to the Victoria Formula. The Victoria formula which was promising the constitutional guarantee of the rights of the English in Quebec and of the French in the other provinces, every province was prepared to agree to the Victoria Charter, every province except Quebec! And the very man who destroyed the Victoria formula now is coming back and he says: We want to help the French-speaking people in the West. I never saw such a great imposture, such a preposterous proposition. C'est une imposture! (applause)

Those are some of the things I want you to think about in this very warm Main Street in which we're standing.

We talked a great deal this afternoon about agriculture. We had some very nice meetings in this Province. We're having some more tomorrow. I was a little worried to be frank. In two hours of discussion and a very interesting and very receptive audience during two hours, we only raised once the question of the division of Canada, a possibility that Canada might be at war with itself in a peaceful sense. I don't want to be threatening or talking about arms. And that worried me a little bit. I just wondered if you people of Saskatchewan realize what might be happening to our country in the next couple of years, if we are not careful. If we are not careful in the way that we discuss civilly with any representative of Quebec who might want to come out here to tell us of his easy solution for a more prosperous and happy Canada which would only have one inconvenience, it would be divided by an independent country. And I want you to keep that in mind too when you hear some of the people who are attacking our formula -- one of the basics that we believe is required to keep the people of Quebec voting for Canada and not against Canada. I'm talking of course about the language policy which I made a speech on last night. I won't repeat it, don't worry. Some of you heard it, some of you may have read it. I just remember one thing: it's not asking anything of you but understanding. It's not asking anything of you but perhaps a slight change in attitude. It's not asking any of you to learn French any more than it's asking the people in Quebec to learn English. And you know the stories that you hear on hot lines -- sometimes I feel like calling them hate lines -- about what this "French power" in Ottawa is trying to do to us, to force French down our throats, you know -- come out of it. Try to understand now that the unity of the country is threatened, try to understand what we were doing. What we are trying to give is an answer to those five million Quebecers who are French-speaking and three-quarters of them don't even speak English, you know almost four million can't even speak English, about the total population of the Prairie Provinces. They are only French. And what we are asking them is to make up their minds that when they vote at the referendum they will want to continue speaking French in Canada because if we tell them through our answers (applause) if we tell them through our answers that you won't be

able to continue to speak French in Canada, they will say very well, fine, we will continue to speak French in a country called Quebec. Now think of that. I know many of you, perhaps many more of you who are ^{of} German or of Ukranian origins than the few French Canadians I've met in the hall here and many of you say — they told me that last night after my speech, I was meeting a group of young Ukranians and they said well don't forget Mr. Trudeau but there are not only the French and English, there is also the Ukranians. I was a little bit worried. Of course there are also the Ukranians and there are also the Indians and there are also the Eskimos and there are also the Italians and there is also some people from East India, I saw some of them are here in the hall tonight, there are some people of Chinese origin. But you know there are five million French-speaking Canadians in Quebec and they are going to have a choice to make and we have got to tell them that their choice can be for Canada and that we are not asking, I repeat, anything of you. We're not shoving any language down your throats, to use that crude expression that was so often used by people who oppose our policy. You can continue to speak English you know until you are blue in the face. You can continue to speak Ukranian and have your provincial government set up Ukranian or German schools -- that's all perfectly legal under the Constitution. But you've got to realize that the French-speaking people in this country not only they were here first -- I don't believe that much in the theory of the founding rights, of founding races -- but there are five millions of them, there is a separatist government at the head of that province and they are going to ask them in a very few years: you want in or out of this country? And in the same way as when Mr. Morin and Mr. Levesque come to talk to you and I tell you he needs your help, because he can't win his referendum without your either great sympathy for his idea or your great antipathy to Quebec. Let me tell you that we need your help, that we people who believe in Canada who are politicians (applause) we need your help. We won't always be coming out from Ottawa to make these speeches on a warm Main Street; we need your help to talk to each other. And when you hear the phoney propaganda on the hot lines or the hate letters to the editor, we need your help to answer them, to say that's not so. That's not what the Trudeau government is trying to do. It's not trying to force French down our throats and it's not trying to imperil the lives of

the passengers who want to fly into Montreal by airplanes.. That's not true. That's a lie. What we are trying to do is to make sure that in this country there are two equal languages and you can choose the one of the two that you want to speak all your life. You'll never have to learn the other. You don't even have to learn one of the two if you don't want to. (applause) That's all I want to say. Remember it. Thank you.



Office of
The Prime Minister

Cabinet du
Premier Ministre

CAI
PM
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April 27, 1977
le 27 avril 1977

Copies of the letters tabled by the Prime Minister
in the House of Commons today

Copies de la correspondance déposée à la Chambre des
Communes par le Premier ministre aujourd'hui

TRADUCTION



PRIME MINISTER · PREMIER MINISTRE

O t t a w a

K1A OA2

le 26 octobre 1976

Monsieur le Premier ministre,

Je vous remercie de votre lettre du 14 octobre 1976, dans laquelle vous soulevez certaines questions qui intéressent l'Alberta au chapitre du commerce entre le Canada et le Japon. Votre lettre a été incorporée, de même que d'autres documents portant sur la question, à la documentation préparée à l'intention du Premier ministre.

Je puis vous assurer que M. Trudeau a été pleinement informé de toutes les questions d'ordre commercial qui tiennent à coeur au gouvernement de l'Alberta. En outre, j'ai prié les hauts fonctionnaires du ministère de l'Industrie et du Commerce, qui voyagent avec le Premier ministre et qui débattront ces questions avec leurs homologues japonais, d'informer vos fonctionnaires des résultats de leurs entretiens.

Je vous prie d'agréer, monsieur le Premier ministre, l'assurance de ma haute considération.

Le Premier ministre suppléant

L'honorable Peter Lougheed, c.r.
Premier ministre de l'Alberta
Edifice parlementaire
Edmonton, Alberta
T5K 2B7

LE PREMIER MINISTRE DE L'ALBERTA

le 14 octobre 1976

Le très honorable Pierre Elliott Trudeau
Premier ministre du Canada
Chambre des communes
Ottawa, (Ontario)

Monsieur le Premier ministre,

L'été dernier, l'honorable Lou Hyndman, mon collègue chargé des affaires fédérales et intergouvernementales, a écrit au secrétaire d'Etat aux Affaires extérieures, lui demandant que se tiennent, avant votre visite prochaine au Japon, des consultations entre des fonctionnaires des gouvernements albertain et fédéral au sujet de l'amélioration des relations commerciales avec ce pays. Ces consultations ont eu lieu en août et un certain nombre de questions ont été débattues. Aujourd'hui, juste avant votre départ pour le Japon, j'estime utile de réaffirmer l'importance que l'Alberta attache au développement de son commerce avec le Japon et de signaler certains des secteurs clés, pour lesquels nous espérons que vos entretiens favoriseront ces relations commerciales.

Le commerce agricole, qu'il s'agisse de produits à l'état brut ou transformé, constitue à notre avis, le secteur qu'il est le plus important de favoriser. Toutefois, les Japonais ont refusé, dans la plupart des cas, de signer des contrats à long terme (3 à 5 ans) pour ceux-ci et, conséquemment, les ventes ont grandement fluctué d'une année à l'autre, selon les contrats particuliers négociés pour chaque produit.

Vu son haut niveau de réglementation, le système japonais de commercialisation interdit habituellement la concurrence; ainsi, une fois que le Japon a signé un contrat avec un pays

producteur afin de combler la pénurie d'un produit en particulier, les autres producteurs se voient normalement interdire l'accès aux marchés japonais par le biais de restrictions à l'importation. Cette situation ne nous a pas permis d'établir solidement notre position sur les marchés japonais, et de nombreux producteurs de l'Ouest canadien ont souvent été pris au dépourvu, et incapables de saisir les possibilités qui s'offraient sur ces marchés.

Nous croyons qu'il serait avantageux, à la fois pour le Japon et le Canada, de négocier pour les produits agricoles des contrats à long terme qui fourniraient une assurance au chapitre des revenus et des approvisionnements. De cette façon, les producteurs albertains seraient plus à même de planifier leur production et les consommateurs japonais auraient une meilleure assurance de se voir offrir des approvisionnements suffisants à des prix raisonnables.

Dans le domaine agricole, d'autres questions précises nous préoccupent, notamment:

- le tarif douanier qui désavantage l'importation de produits du porc transformés/salés (tarif moyen de 25 pour cent) en faveur du porc frais (tarif moyen de 10 pour cent);
- le taux élevé des droits d'entrée qui s'appliquent à d'autres viandes fraîches et congelées (25 pour cent), principalement le boeuf;
- l'utilisation de restrictions discrétionnaires de contingentement et de restrictions d'autorisation sur les importations de porc et de boeuf;
- le tarif douanier qui favorise les fèves de soya au détriment des graines de colza;
- l'utilisation de restrictions discrétionnaires de contingentement sur les huiles végétales.

Je tiens aussi à souligner que le stade de production auquel nos marchandises sont exportées au Japon est une question qui nous préoccupe au plus haut point. Le gros de nos produits agricoles est actuellement exporté à l'état brut, en grande partie à cause des obstacles tarifaires et non tarifaires susmentionnés, qui sont imposés sur les produits agricoles

transformés que l'on veut faire entrer au Japon. Etant donné que l'Alberta considère comme prioritaire l'expansion de son industrie de transformation des produits agricoles, nous souhaitons fortement que cette question soit débattue lors des discussions bilatérales avec le Japon, à la fois sous le rapport des échanges commerciaux et des opérations conjointes. Parmi les questions qui nous intéressent tout particulièrement, nous pouvons citer celles des viandes transformées, des aliments du bétail, des légumes et de l'huile de colza.

Pour terminer là-dessus, j'ajoute qu'à notre avis la suffisance des approvisionnements en produits agricoles deviendra vraisemblablement une question importante d'ici à quelques années. Nous pensons qu'il nous faut dès que possible accéder aux principaux marchés à des taux de rendement raisonnables, afin d'assurer le progrès ordonné de ce secteur. Dans tout entretien bilatéral sur la collaboration économique et industrielle, nous serions prêts à voir cette question rattachée, par le biais de mécanismes comme les investissements commerciaux et en commun, à d'autres secteurs pour lesquels les pays industrialisés reconnaissent déjà le besoin d'assurer des sources constantes d'approvisionnement. Nous ne croyons pas que l'essor économique d'une région puisse être considéré de façon sectorielle; il est essentiel d'établir des liens entre tous les secteurs si nous désirons une économie saine et viable.

Les produits pétrochimiques constituent évidemment un second domaine qui intéresse l'Alberta au plus haut point. Je me permets de reprendre à cet égard un extrait du télégramme que vous me faisiez parvenir le 3 mai 1974, relativement à l'expansion de l'industrie pétrochimique au Canada et dans lequel vous disiez attacher une grande importance à l'amélioration de l'accès aux marchés pétrochimiques mondiaux et à la poursuite de cet objectif dans les négociations à venir. Actuellement, notre accès aux marchés japonais à cet égard est négligeable. Nous espérons pouvoir l'élargir pour des produits intermédiaires et certains produits finis, grâce à des investissements japonais dans nos projets pétrochimiques. C'est donc avec une vive inquiétude que nous avons pris connaissance des récentes déclarations faites dans un communiqué de l'Organisation japonaise du commerce extérieur (Japanese External Trade Organization), selon lesquelles le

gouvernement japonais s'est vu demander de limiter ses importations de produits chimiques en provenance de filiales ou d'usines affiliées implantées à l'étranger. En outre, il a été proposé que les usines établies à l'étranger et bénéficiant d'investissements japonais ne puissent faire concurrence à des usines établies sur le territoire en ce qui a trait aux ventes à des marchés tiers. Toute action entreprise en ce sens réduirait vraisemblablement de façon importante les chances de collaboration entre les entreprises japonaises et albertaines et éliminerait la possibilité de faire une percée sur les marchés japonais, dont nous avons tant besoin.

Lors de vos entretiens avec les autorités japonaises, nous espérons que vous vérifierez la véracité de ces rapports et que, s'ils s'avèrent exacts, vous leur ferez part de la désapprobation du Canada.

L'Alberta s'intéresse en outre à l'expansion de plusieurs autres secteurs par l'entremise d'investissements commerciaux et conjoints, notamment au chapitre des produits forestiers et du matériel électrique. Cependant, puisque j'ai parlé longuement des secteurs agricole et pétrochimique, je ne mentionne ces deux points qu'à titre d'information. Il est peut-être bon de signaler que la toute récente politique du charbon en Alberta stimulera l'extraction du charbon de qualité métallurgique dans certaines régions de la province; nous espérons que le Japon en achètera.

J'espère que votre visite au Japon sera couronnée de succès et que les renseignements susmentionnés vous seront utiles lors de vos entretiens avec les autorités japonaises. Je serais très heureux de connaître les résultats de votre voyage et je m'attends que vos fonctionnaires seront en étroite communication avec nous après votre retour au pays.

Je vous prie d'agréer, Monsieur le Premier ministre, l'assurance de ma très haute considération.

(signé: Peter Lougheed)

O T T A W A
KIA 0A2
OCT 26 1976

My dear Premier,

Thank you for your letter of October 14, 1976, concerning issues of importance to Alberta in Canada-Japan trade. Your letter has been included along with other documents bearing on this subject in the briefing material prepared for the Prime Minister.

I can assure you that the Prime Minister has been fully briefed on all trade matters which are of importance to the Government of Alberta. In addition, I have asked that senior officials of Industry, Trade and Commerce who are travelling with the Prime Minister, and who will pursue these matters with their Japanese counterparts, to inform your officials of the results of their discussions.

Sincerely,

Original signed per le Premier ministre *supplément*
Original signed by the Prime Minister

OCT 26 1976

lastings

ms

The Honourable Peter Lougheed, Q.C.
Premier of Alberta
Legislative Building
Edmonton, Alberta
T6H 2H7



THE PREMIER OF ALBERTA

cc W.H./NG
cc A.H. A✓
cc C.B./M.H.

6289 020

October 14, 1976

403/427-2

Legislative Build
Edmonton, Alberta, Can.

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~~CONFIDENTIAL~~

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The Right Honourable Pierre E. Trudeau
Prime Minister of Canada
House of Commons
Ottawa, Ontario

My Dear Prime Minister:

Earlier this summer my colleague, the Honourable Lou Hyndman who is responsible for Federal and Intergovernmental Affairs, wrote to the Secretary of State for External Affairs requesting consultations between Alberta and Federal officials on economic development opportunities in Japan prior to your visit later this fall. The consultations took place last August and a number of issues were explored. Now - just before your departure for Japan - I thought that it might be useful for me to reconfirm the priority that Alberta attaches to trade development with Japan and to summarize some of the key areas in which we hope that your discussions will assist these trade relations.

Agricultural trade, both in raw and processed forms, is the most important sector for promotion in our view. However, the Japanese have in most instances been unwilling to enter long-term contracts (3-5 years) for these products and as a result sales have fluctuated substantially from year to year, depending upon the negotiation of individual contracts by product.

The organized nature of the Japanese marketing system usually prohibits competition; once Japan has signed a contract with a producer nation to meet a specific commodity shortage, other producers are normally denied access through licencing restrictions. This has created an instability in our access to Japanese markets and has caused many Western Canadian producers to be unprepared and often unresponsive to market opportunities in Japan.

(Cont'd.)

ORIGINAL TO F. A. G. Carter

ORIGINAL ENVOYÉ À

C.C. P.M.O. FILE

C.C. DOSSIERS C.P.M.

c.c. Gordon

Robertson

The Right Honourable Pierre E. Trudeau

October 14, 1976

We believe that it would be both to Japan's and our mutual advantages to negotiate longer term contracts for agricultural products that would provide both revenue and supply assurances. In this manner Alberta producers would be better able to plan their production and the Japanese consumer would have greater assurance of supply at reasonable prices.

Additional specific concerns in the agricultural sector are:

- a tariff schedule which discriminates against the importation of cured/processed pork products (25% average duty) in favour of fresh pork (10% average duty);
- the high rate of duty applied to other fresh and frozen meats (25%), mainly beef;
- the use of discretionary quota restrictions and licencing restrictions on pork and beef imports;
- the discrimination in the tariff schedule against rapeseed in favour of soybeans;
- the use of discretionary quota restrictions on vegetable oils.

I should also emphasize that the stage of production at which goods are exported to Japan is of key concern to us. Most of our agricultural goods are exported in a raw state at present - in large part because of the above outlined tariff and non-tariff barriers that are applied to processed agricultural products attempting entry to Japan. Because Alberta attaches a priority to the development of its agriculture processing industry, we strongly urge that the bilateral discussions with Japan should include this issue both in terms of trade and joint venture operations. Items of special interest to us include processed meats, animal feedstuffs, vegetables and rapeseed oil.

As a final comment on this sector, I would add our view that the assured supply of agricultural products is likely to become a major issue in the next few years. We believe that in order to ensure the orderly development of this sector, access to major markets at reasonable rates of return must be achieved as soon as possible. In any bilateral discussions on economic and industrial cooperation we would be prepared to see this issue linked through such mechanisms as trade and joint venture investment to other sectors where industrial nations are already cognizant of the need to secure assured sources of supply. We do not believe that a region's economic development can be approached on a sector by sector basis; inter-sector linkages are essential if a healthy and viable economy is to be achieved.

(Cont'd.)

The Right Honourable Pierre E. Trudeau

October 14, 1976

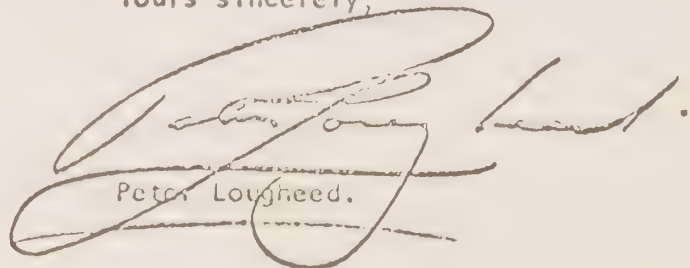
A second sector of key interest to Alberta is, of course, petrochemicals. I refer to your telex to me of May 3, 1974 with regard to the expansion of the petrochemical industry in Canada and, in particular, your reference to attaching "considerable importance to securing improved access to world petrochemical markets and our pursuing this objective in forthcoming negotiations". At present our access to the Japanese market is negligible. We are hopeful that market access for intermediate and some manufactured products can be developed through investment from Japan in our petrochemical projects. As a result we have been very concerned by recent statements in the Japanese External Trade Organization Communique that the Japanese Government has been asked to limit imports of chemical products from overseas subsidiaries or affiliated plants. In addition, it has been proposed that overseas plants receiving Japanese investment should be prohibited from competing with domestic plants for sales to third markets. Any action along these lines would be likely to reduce significantly opportunities for joint cooperation between Japanese and Alberta firms and would eliminate the possibility of our gaining access to much needed markets in Japan.

We would hope that in your discussions with the Japanese authorities you might explore the accuracy of these reports and, if they are correct, indicate Canada's disfavour.

Alberta is also interested in the development of several other sectors through trade and joint venture investment, e.g. forest products and electrical equipment. However, because I have dealt with the agricultural and petrochemical sectors at such length, I shall only mention them for reference. It might also be useful to mention that Alberta's recently announced coal policy does permit new production of metallurgical coal in certain areas of the Province and we would hope that Japan would be a market for some of this new production.

I do hope that your visit to Japan will be highly successful and that the foregoing information will be of use in your discussions with the Japanese authorities. I would be very interested in learning of the results of the visit and anticipate that our officials will be in close communication following your return.

Yours sincerely,



Peter Lougheed.

PL/dm



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THE PREMIER OF ALBERTA

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Legislative Building
Edmonton, Alberta, Canada

T5K 2B

12 August 1976

The Right Honourable Pierre E. Trudeau
Prime Minister of Canada
House of Commons
OTTAWA, Ontario

Dear Mr. Prime Minister:

I refer to my letter of March 8, 1976 regarding foreign ownership of land, to which I have not yet received a reply.

In my letter I had proposed alternatives to the wording of Clause 33(6)(e) in the Canadian Citizenship Act, Bill C-20. The intent of the proposal was to clarify provincial regulation of the foreign ownership of all non-urban land (recreational, agricultural, and undeveloped).

It is now my understanding that Clause 33, respecting foreign ownership of land, of the Canadian Citizenship Act, has been passed by both Parliament and the Senate as introduced by Hugh Faulkner, Secretary of State, on February 24, 1976 and is waiting proclamation. Inasmuch as Alberta's request was not incorporated into the Canadian Citizenship Act, I would like to suggest that you consider an amendment to the Foreign Investment Review Act and/or regulations which would clarify clause 33(6)(e) of the Canadian Citizenship Act as it relates to FIRA and the review of land acquisitions. The intent of Alberta's proposal could be carried out by such an amendment.

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ORIGINAL TO F. A. G. CARTER
W. A. L. INQUIRY A
C. C. D. J. A. P. FILE
C. C. BOSSIERS C.P.M.

12 August 1976

As mentioned in my March 8th letter,

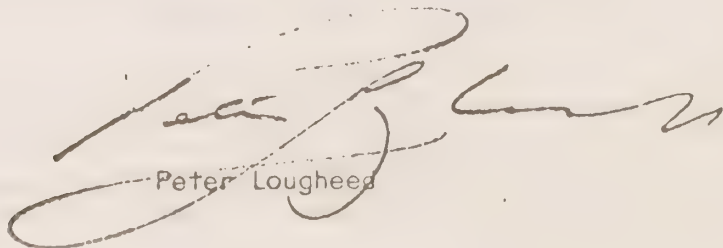
"...the Foreign Investment Review Act treats land transfers as 'incidental' to more significant transfers of equity and/or operational controls of business to which the ownership of land is not significant. While this is not unreasonable, given the overriding mandate of the Foreign Investment Review Act, our position as a government, continues to be that the jurisdiction of the Foreign Investment Review Act is not with non-urban land, and that their legislative instrument is not adequate, to control the transfer of non-urban land.

The division of responsibility we propose does not, therefore, seem to be unreasonable."

In my letter I indicated that Alberta was considering legislation "for the control of acquisition of agricultural, recreational, and undeveloped land by foreigners." The intent of the revision, which we had suggested you incorporate in Bill C-20, and that we now suggest you incorporate in an amendment to the Foreign Investment Review Act and/or regulations appears to be the most effective method for achieving our common objective.

Since Alberta is contemplating legislation in the near future, I would appreciate hearing from you regarding Alberta's proposal. Without a positive response from you, enabling us to enact specific legislation, Alberta may unfortunately have to consider more general legislative control, on the basis of residence rather than citizenship.

Yours very truly,



Peter Lougheed

PL/ww



THE PREMIER OF ALBERTA

403/42

Legislative B
Edmonton, Alberta, C

T5

8 March 1976

ORIGINAL TO Jim Higgs
ORIGINAL ENVOYÉ A
C.C. P.M.O. FILE
C.C. DOSSIERS C.P.M.

The Right Honourable Pierre E. Trudeau
Prime Minister of Canada
House of Commons
OTTAWA, Ontario

My dear Prime Minister:

You are aware that the Province of Alberta is considering the introduction of legislation to regulate foreign ownership of land within its boundaries. The subject of foreign ownership of land has been discussed by First Ministers in the past and most recently has been dealt with by correspondence between us. In your letter of September 5, 1975, you indicated that your government intended to amend the Canadian Citizenship Act, to give the provinces the authority to regulate foreign ownership of land, subject to certain limitations. The amendments to the Citizenship Act which were recently introduced to the Commons' Committee reviewing Bill C-20 contained these five limitations which would restrict the authority proposed to be granted to the provinces. These are : -

- 33.(6) (a) prohibits and annuls or restricts the taking or acquisition directly or indirectly of, or the succession to, any interest in real property located in a province by a landed immigrant ordinarily resident in Canada;
- (b) conflicts with any legal obligation of Canada under any International law, custom or agreement;
- (c) discriminates as between persons who are not Canadian citizens on the basis of their nationalities, except insofar as more favourable treatment is required by any legal obligation of Canada under any International law, custom or agreement;

- 2 -

(d) hinders any foreign state in taking or acquiring real property located in a province for diplomatic or consular purposes; or

(e) prohibits and annuls or restricts the taking or acquisition directly or indirectly of any interest in real property located in a province by any person in the course or as a result of an investment considered and allowed by the Governor in Council under the Foreign Investment Review Act.

In my letter of September 22, 1975, I stated that we found the first four restrictions acceptable but that we wished to have time to assess the implications of the fifth restriction, which relates to the activities of the Foreign Investment Review Agency. Although we have not had sufficient experience with Phase II of the Foreign Investment Review Act, we still feel that the fifth restriction should not be included with the others. Since writing to you, the Alberta Government has received the Alberta Land Use Forum Report and Recommendations. One of the key recommendations was: -

- (3) The Foreign Investment Review Act is the mechanism whereby Canada controls all foreign investment, including land. We perceive this is a legitimate function of the federal government. We recommend that the responsibility for the administration of this Act, insofar as land is concerned, be assumed by the province. By so doing, their responsibilities for land use would be more readily fulfilled and the process of control would be more visible to the citizens of Alberta.

The administration of the Act, insofar as non-urban land is concerned, would be relatively simple. In regard to urban land, the number of reviews and the criteria involved would be much more complex. (p.116)

If this recommendation were accepted in its totality, the responsibility assumed by the province for the regulation of foreign ownership of land would be all-inclusive, encompassing urban, agricultural, recreational, undeveloped, and Crown land.

As the Land Use Forum Report indicates, provincial regulation of non-urban land would be relatively straight-forward. We concur with this view. Since our concerns are primarily with non-urban land, we would propose an amendment to Bill C-20 by your government. The modification to Section 33.(6)(e) would be to insert the underlined words, and to have the section read as follows: -

- 33.6.e. prohibits and annuls or restricts the taking or acquisition directly or indirectly of any interest in real property located in a province, other than real property that is

- 3 -

- (i) suitable for primarily agricultural production, or
 - (ii) suitable for recreational purposes, or
 - (iii) undeveloped, or
 - (iv) owned by the Crown in right of the province,
- by any person in the course of or as a result of an investment considered and allowed by the Governor in Council under The Foreign Investment Review Act.

An acceptable alternative wording to Section 33 would be : -

33.6.e. prohibits and annuls or restricts the taking or acquisition of any interest in real property

- (i) located in an urban municipality in the province, or
- (ii) located in the province and used for industrial purposes,

by any person in the course of or as a result of an investment considered and approved by the Governor in Council under The Foreign Investment Review Act.

33.7. The Governor in Council may define "urban municipality" for the purposes of subsection (6), paragraph (e) with respect to any province in which subsections (2) to (7) are in force.

Discussions between representatives of our respective governments have made clear the limitations of the Foreign Investment Review Act and regulations thereunder with respect to the transfer of non-urban (most often, agricultural) land. These same discussions have also clearly revealed that the Foreign Investment Review Act treats land transfers as 'incidental' to more significant transfers of equity and/or operational controls of businesses to which the ownership of land is not significant. While this is not unreasonable, given the over-riding mandate of the Foreign Investment Review Act, our position as a government, continues to be that the jurisdiction of the Foreign Investment Review Act is not with non-urban land, and that their legislative instrument is not adequate, to control the transfer of non-urban land.

The division of responsibility we propose does not, therefore, seem to be unreasonable.

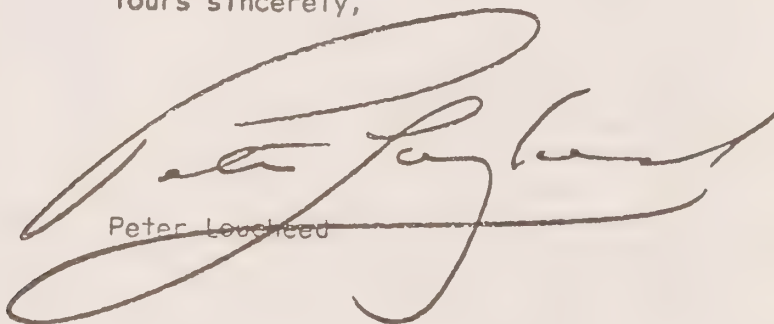
8 March 1976

- 4 -

I am pleased to note your willingness to discuss the question of foreign ownership of land at a future meeting of First Ministers. Alberta agrees with the federal view that Canadian citizens and landed immigrants should not be prohibited from purchasing land in any province within Canada, whether they are a resident or non-resident of that province. Given our mutual interests in this regard, I am hopeful that provincial and federal legislation relating to the foreign ownership of land will be complementary. Since we are considering legislation for the control of acquisition of agricultural, recreational, and undeveloped lands by foreigners, the revisions which we are suggesting you incorporate in Bill C-20 appear to be the most effective method for achieving our common objectives.

Your earliest consideration of this matter would be appreciated.

Yours sincerely,



Peter Loucheed

PL/ww

cc. Honourable Lou Hyndman
Minister of Federal
and Intergovernmental Affairs

TRADUCTION

LE PREMIER MINISTRE DE L'ALBERTA

le 8 mars 1976

Le très honorable Pierre E. Trudeau
Premier ministre du Canada
Chambre des communes
Ottawa, (Ontario)

Monsieur le Premier ministre,

Vous n'êtes pas sans savoir que la province d'Alberta envisage la possibilité d'adopter une mesure législative pour régulariser la propriété étrangère du sol à l'intérieur de ses limites. La question de la propriété étrangère du sol a par le passé été débattue par les premiers ministres et elle a récemment fait l'objet d'un échange de lettres entre nous. Dans votre lettre du 5 septembre 1975, vous m'informiez que votre gouvernement avait l'intention de modifier la Loi sur la citoyenneté canadienne dans le dessein de donner aux provinces l'autorité de régulariser la propriété étrangère du sol, sous réserve de certaines restrictions, intégrées aux modifications qui viennent d'être présentées au comité de la Chambre chargé d'examiner le Bill C-20. Ces cinq restrictions limiteraient l'autorité qu'on se propose d'accorder aux provinces. Elles se lisent ainsi:

- 33.(6) a) interdire et annuler ou limiter la prise de possession ou l'acquisition, par quelque mode que ce soit, y compris par voie de succession, par un immigrant reçu résidant habituellement au Canada, des droits afférents à des biens immobiliers situés dans une province;
- b) entrer en conflit avec toute obligation juridique du Canada découlant, sur le plan international, du droit, de la coutume ou d'une convention;

c) créer des discriminations entre les personnes qui ne sont pas citoyens canadiens en fonction de leur nationalité, à moins que, sur le plan international, le droit, la coutume ou une convention ne requièrent à leur égard, de la part du Canada, un traitement privilégié;

d) empêcher tout état tiers de prendre possession ou d'acquérir des biens immobiliers situés dans une province à des fins diplomatiques ou consulaires; ou

e) interdire et annuler ou limiter la prise de possession ou l'acquisition, par quelque mode que ce soit, par toute personne, de droits afférents à des biens immobiliers situés dans une province, à l'occasion ou à la suite d'un investissement étudié et autorisé par le gouverneur en conseil aux termes de la Loi sur l'examen de l'investissement étranger.

Dans ma lettre du 22 septembre 1975, j'ai déclaré que nous trouvions acceptables les quatre premières restrictions, mais que nous voulions qu'on nous accorde le temps d'évaluer les incidences de la cinquième, qui touche l'activité de l'Agence d'examen de l'investissement étranger. Bien que nous n'ayons pas suivi de très près la phase II de la révision de la Loi sur l'examen de l'investissement étranger, nous estimons encore que la cinquième restriction ne devrait pas être incluse. Depuis que je vous ai écrit, le gouvernement albertain a reçu le rapport et les recommandations de son Conseil de l'utilisation des terres. L'une de ses principales recommandations se lisait ainsi:

- (3) La Loi sur l'examen de l'investissement étranger est le mécanisme grâce auquel le Canada surveille les investissements étrangers, y compris les investissements immobiliers. Nous croyons que c'est là une fonction légitime du gouvernement fédéral. Nous recommandons que la responsabilité de l'administration de cette loi, au chapitre du sol, soit assumée par la province. En agissant de la sorte, ses responsabilités au titre de l'utilisation

du sol seraient beaucoup plus faciles à assumer et le mécanisme de surveillance beaucoup plus en évidence pour les citoyens de l'Alberta.

L'administration de la loi, au titre du sol non urbain, serait relativement simple. En ce qui a trait au sol urbain, le nombre d'examins et les critères applicables seraient beaucoup plus complexes.

Si cette recommandation était acceptée dans sa totalité, la responsabilité qui incomberait à la province au chapitre de la réglementation de la propriété étrangère du sol serait totale, englobant les terres destinées à des fins urbaines, agricoles et récréatives, les terres laissées inexploitées, ainsi que les terres de la Couronne.

Comme le rapport du Conseil de l'utilisation des terres l'indique, la réglementation provinciale des terres non urbaines serait relativement simple. Nous souscrivons à cette opinion. Etant donné que nos préoccupations portent surtout sur les terres non urbaines, nous proposons que votre gouvernement présente une modification au Bill C-20, plus précisément à l'alinéa 33(6)e), où seraient insérés les mots soulignés, et que l'article se lise comme suit:

33(6)e) interdire et annuler ou limiter la prise de possession ou l'acquisition, par quelque mode que ce soit, de droits afférents à des biens immobiliers situés dans une province, autres que les biens immobiliers qui

(i) conviennent principalement à la production agricole, ou

(ii) conviennent à des fins récréatives, ou

(iii) sont inexploitées, ou

(iv) appartiennent à la Couronne du chef de province

par toute personne, à l'occasion ou à la suite d'un investissement étudié et autorisé par le gouverneur en conseil aux termes de la Loi sur l'examen de l'investissement étranger.

Voici un autre libellé acceptable pour l'article 33:

33(6)e) interdire et annuler ou limiter la prise de possession ou l'acquisition de droits afférents à des biens immobiliers

(i) situés dans une municipalité urbaine de la province, ou

(ii) situés dans la province et utilisés à des fins industrielles

par toute personne, à l'occasion ou à la suite d'un investissement étudié et autorisé par le gouverneur en conseil aux termes de la Loi sur l'examen de l'investissement étranger.

33(7) le gouverneur en conseil peut définir les termes "municipalité urbaine" aux fins de l'alinéa e) du paragraphe (6) relativement à toute province dans laquelle les paragraphes (2) à (7) sont en vigueur.

Les entretiens qui ont eu lieu entre les représentants de nos deux gouvernements ont fait ressortir clairement, au chapitre du transfert de terres non urbaines (le plus souvent agricoles), les limites de la Loi sur l'examen de l'investissement étranger et des règlements afférents. Ces mêmes entretiens ont aussi révélé sans équivoque que d'après la Loi, on considère les transferts de terres comme "fortuits" par rapport à des transferts plus importants d'actions ou de haute main opérationnelle d'entreprises pour lesquelles la propriété du sol n'est pas importante. Etant donné l'objet ultime de la Loi, il y a là une certaine logique, mais notre position en tant que gouvernement continue d'être que sa juridiction ne doit pas inclure les terres non urbaines, et que ses moyens législatifs ne suffisent pas à assurer la surveillance de la vente et de l'achat de ces terres.

La division des responsabilités que nous proposons ne nous semble pas, par conséquent, déraisonnable.

Je note avec plaisir que vous êtes disposé à discuter la question de la propriété étrangère du sol lors d'une rencontre des Premiers ministres. L'Alberta souscrit à la

thèse du gouvernement fédéral selon laquelle les citoyens canadiens et les immigrants reçus ne devraient pas se voir interdire le droit d'acheter des terres dans toute province du Canada, qu'ils résident dans cette province ou non. Etant donné nos intérêts réciproques à cet égard, j'espère que les lois provinciales et fédérales au chapitre de la propriété étrangère du sol seront complémentaires. Etant donné que nous envisageons une loi sur la surveillance de l'acquisition par des étrangers de terres laissées inexploitées ou destinées à des fins agricoles et récréatives, les modifications que nous vous proposons d'incorporer au Bill C-20 nous semblent être la méthode la plus efficace de réaliser nos objectifs communs.

J'espère que vous étudierez cette question dans les plus brefs délais et je vous prie de recevoir, Monsieur le Premier ministre, l'assurance de ma très haute considération.

(signé: Peter Lougheed)

c.c.: l'honorable Lou Hyndman
Ministre des Affaires fédérales
et intergouvernementales

TRADUCTION

LE PREMIER MINISTRE DE L'ALBERTA

1e 12 août 1976

Le très honorable Pierre E. Trudeau
Premier ministre du Canada
Chambre des communes
Ottawa, (Ontario)

Monsieur le Premier ministre,

Je me reporte à ma lettre du 8 mars 1976 au sujet de la propriété étrangère du sol, lettre qui est d'ailleurs restée sans réponse.

J'y faisais de nouvelles propositions pour le libellé de l'alinéa 33(6)e) de la Loi sur la citoyenneté canadienne (Bill C-20). Ces propositions avaient pour but de clarifier la question de la réglementation provinciale de la propriété étrangère de toutes les terres non urbaines (destinées à des fins récréatives, agricoles et laissées inexploitées).

Je crois que l'alinéa 33 de la Loi sur la citoyenneté canadienne, qui traite de la propriété étrangère du sol, a été adopté par le Parlement et le Sénat, dans la forme où l'avait présenté le secrétaire d'Etat, M. Hugh Faulkner, le 24 février 1976, et qu'il ne reste plus qu'à le promulguer. Vu que notre proposition n'a pas été incorporée à la Loi sur la citoyenneté canadienne, je vous propose d'étudier une modification à la Loi sur l'examen de l'investissement étranger ou aux règlements afférents, grâce à laquelle serait clarifié l'alinéa 33(6)e) de la Loi sur la citoyenneté canadienne dans son rapport avec la LEIE et l'examen des acquisitions de terres. L'esprit de la proposition initiale de l'Alberta pourrait être respecté par l'adoption de cette modification.

Comme je le mentionnais dans ma lettre du 3 mars:
". . . d'après la Loi, on considère les transferts de terres comme "fortuits" par rapport à des transferts plus importants d'actions ou de haute main opérationnelle d'entreprises pour lesquelles la propriété du sol n'est pas importante. Etant donné l'objet ultime de la Loi, il y a là une certaine logique, mais notre position en tant que gouvernement continue d'être que sa juridiction ne doit pas inclure les terres non urbaines, et que ses moyens législatifs ne suffisent pas à assurer la surveillance de l'achat et de la vente de ces terres.

La division des responsabilités que nous proposons ne nous semble pas, par conséquent déraisonnable."

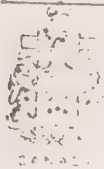
Dans ma lettre, j'ai souligné que l'Alberta envisageait une loi "sur la surveillance de l'acquisition, par des étrangers, des terres laissées inexploitées et celles destinées à des fins agricoles et récréatives". La modification que nous avons proposé d'inclure au Bill C-20 et que nous proposons aujourd'hui d'incorporer à titre de modification à la Loi sur l'examen de l'investissement étranger ou aux règlements afférents nous semble être la méthode la plus efficace pour réaliser notre objectif commun.

Etant donné que l'Alberta envisage de présenter bientôt une mesure législative à cet égard, je vous saurais gré de donner suite à notre proposition. En l'absence d'une réponse positive de votre part, laquelle nous permettrait d'adopter une loi précise, l'Alberta pourrait malheureusement se voir contrainte d'envisager une réglementation plus générale et basée sur le lieu de résidence plutôt que sur la citoyenneté.

Je vous prie de recevoir, Monsieur le Premier ministre, l'assurance de ma très haute considération.

(signé: Peter Lougheed)

TRADUCTION



CONFIDENTIEL

PRIME MINISTER · PREMIER MINISTRE

Ottawa, K1A 0A2

le 13 septembre 1976

Monsieur le Premier ministre,

Le 20 février dernier, je vous informais par message télex que le secrétaire d'Etat s'appropriait à déposer un projet d'amendement de l'article 33 (anciennement l'article 24) de la Loi sur la citoyenneté canadienne visant à éliminer certaines ambiguïtés d'ordre constitutionnel quant à l'aptitude des provinces à réglementer la propriété étrangère du sol. Le Parlement l'ayant maintenant adoptée, j'ajoute à la présente le texte de cette modification.

Je désire profiter de l'occasion pour traiter de certains points que les premiers ministres ont soulevés à la suite de ma lettre du 5 septembre 1975 touchant la modification précitée. Cette dernière respecte dans l'ensemble les recommandations que le comité fédéral-provincial de la propriété étrangère du sol avait faites au sujet d'une éventuelle modification de la Loi sur la citoyenneté canadienne et s'apparente à la proposition que je vous avais exposée dans ma lettre du 5 septembre 1975.

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L'honorable Peter Lougheed
Premier ministre de l'Alberta
Edifice parlementaire
Edmonton (Alberta)

A cet égard, il convient de noter que le paragraphe 7 stipule que l'article 33 n'entrera en vigueur dans une province qu'après proclamation du gouverneur en conseil. Aucune province ne sera donc tenue d'avoir recours à cette loi pour réglementer la propriété étrangère du sol, à moins qu'elle ne le juge opportun et n'en informe le gouvernement fédéral.

Dans mon télex, je vous faisais part en outre des réserves de certaines provinces à propos de la condition b) du paragraphe (6), soit les possibilités de conflit découlant des obligations juridiques du Canada aux termes d'une loi, d'une coutume ou d'une entente internationales; et de la condition e), au même paragraphe, concernant les litiges pouvant résulter de l'approbation par le gouverneur en conseil d'acquisitions de terrains conformément aux dispositions de la Loi sur l'examen de l'investissement étranger. On a soulevé une question quant à la portée éventuelle de la première condition. Je pense qu'il conviendrait là de se référer au rapport du comité fédéral-provincial, qui précise les deux types d'obligations internationales auxquelles le Canada, à titre de nation, est tenue de se plier; les obligations qui découlent du droit international en général et celles qui résultent de traités auxquels le Canada est partie. Le rapport souligne que les règles générales du droit international n'empêchent nullement le Canada d'interdire ou de réglementer l'acquisition de terrains par des étrangers, bien qu'elles imposent certaines conditions à l'expropriation de ceux dont les droits sont déjà établis. Pour ce qui est des obligations résultant de traités, le rapport donne à entendre que des difficultés pourraient surgir si les restrictions relatives à la propriété du sol au Canada

étaient formulées de façon telle qu'elles établiraient une distinction entre les nations avec lesquelles le Canada a signé des ententes lui conférant le statut de "nation la plus favorisée". Cette condition a donc été ajoutée afin d'éviter une utilisation du pouvoir de réglementation délégué par le Parlement aux provinces (en ce qui concerne les "étrangers") qui pourrait amener le Canada à manquer aux types d'obligations internationales décrites par le comité.

Quant à la condition (6) e), le gouvernement fédéral n'est pas d'avis qu'elle stipule que l'approbation d'un projet d'acquisition par l'Agence d'examen de l'investissement étranger confère à l'investisseur le droit d'acquérir des terrains en violation des lois provinciales en vigueur, comme celles qui concernent l'utilisation du sol ou l'aptitude des sociétés commerciales à posséder des terrains, par exemple. De plus, l'alinéa e) de l'article 2 de la Loi sur l'examen de l'investissement étranger précise que l'Agence d'examen de l'investissement étranger doit tenir compte, lors de l'examen d'un projet de transaction pouvant avoir des incidences appréciables dans une province, des objectifs en matière de politique industrielle et économique énoncés par le gouvernement ou le corps législatif de cette province. Ainsi, les préoccupations des provinces au sujet des acquisitions de terrains par des étrangers seraient, s'il y a lieu, prises en ligne de compte lorsque l'Agence est appelée à étudier une demande. Dans ce contexte, la condition e) du paragraphe (6) a pour objet d'éviter le genre de situation où les pouvoirs de réglementation délégués par le Parlement aux deux organismes, soit l'Agence d'examen de l'investissement étranger et l'organisme provincial chargé des questions relatives aux acquisitions de terrains par des non-Canadiens, seraient utilisés de manière contradictoire dans la même transaction.

Dans ce même message télex du 20 février, j'avais indiqué que le rôle de l'AEIE, en ce qui concerne les transactions immobilières, ferait l'objet d'une étude à la lumière du projet de modification de la Loi sur la citoyenneté canadienne. Cette étude a depuis été faite et, bien qu'on ne l'ait pas encore annoncé publiquement, il a été décidé de modifier la Loi sur l'examen de l'investissement étranger dans un sens qui permettrait de soustraire à l'autorité de l'Agence d'examen de l'investissement étranger les investissements fonciers, y compris les acquisitions de terres arables, qui sont régis par des règlements provinciaux, conformément à la modification apportée à la Loi sur la citoyenneté canadienne. Ceci devrait répondre aux nombreuses objections formulées par les provinces à propos des modalités d'application de l'alinéa 6 e), et serait, je crois, conforme à la proposition que vous faisiez dans votre lettre du 12 août 1976. Le projet d'amendement sera déposé aussitôt que possible.

J'espère que la présente vous rassurera pleinement et je vous prie d'agréer, Monsieur le Premier ministre, l'assurance de ma haute considération.

(signé: Pierre E. Trudeau)



CONFIDENTIAL

PRIME MINISTER · PREMIER MINISTRE

Ottawa, K1A 0A2

September 13, 1976

My dear Premier:

As you will recall I informed you in a telex last February 20 that the Secretary of State would be introducing shortly an amendment to section 33 (formerly section 24) of the Canadian Citizenship Act in order to remove some of the constitutional ambiguity concerning provincial power to regulate land ownership by non-Canadians. I am enclosing a copy of the amendment which now has been passed by Parliament.

At this time I would like to address myself to some of the specific concerns that have been raised by First Ministers in response to my letter of September 5, 1975, regarding the amendment. This amendment generally follows the suggestion of the Federal-Provincial Committee on the Foreign Ownership of Land concerning possible modification of the Canadian Citizenship Act and is of the nature of the proposal I made to you in my letter of September 5, 1975. I should point out in particular that subsection

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The Honourable Peter Lougheed
Premier of Alberta
Parliament Building
Edmonton, Alberta

7 provides that section 33 shall come into force in any province only by proclamation of the Governor in Council. No province will be required to avail itself of this law to regulate ownership of land by foreigners unless it wishes to do so and indicates this desire to the federal government.

In my February telex to you, I noted certain reservations that had been raised by some provinces concerning condition (b) of subsection (6), conflict with legal obligations of Canada under any international law, custom or agreement; and condition (e) of subsection (6), conflict with land acquisitions allowed by the Governor in Council under the Foreign Investment Review Act. With respect to the former, a question has been raised as to the possible scope of this condition. In this connection reference should be made to the Federal-Provincial Committee's Report which indicates the two types of international obligations to which Canada, as a nation, is subject: those which arise from general international law and those which result from treaties to which Canada is a party. The Report notes that general international law does not prevent Canada from prohibiting or regulating the acquisition of land by aliens although it does impose rules that apply to divesting aliens of property they already own. In terms of treaty obligations, the Report suggests that problems might arise if restrictions on land ownership in Canada were enacted in a manner that discriminated among nations with which Canada has a "most favoured nation" status. The purpose of attaching this condition, therefore, is to avoid the use of the regulatory authority, in relation to "aliens", delegated by Parliament to the provinces, being used in a manner that might put Canada in default of the kinds of international obligations described by the Committee.

Concerning condition (6) (e), it is not the federal government's view that this condition provides that approval by the Foreign Investment Review Agency of a prospective takeover gives the investor a right

to acquire lands contrary to valid provincial legislation such as that regarding land use or the capacity of corporate entities to hold land. Further, section 2(e) of the Foreign Investment Review Act specifies that the Foreign Investment Review Agency is to take into consideration industrial and economic policy objectives enunciated by the government or legislature of any province likely to be affected significantly by a transaction under review. Concerns of the provinces regarding acquisitions of land by foreigners, therefore, would be taken into account where this is relevant to an application before the Agency. The purpose of condition (e) of subsection (6), however, is to avoid a situation where regulatory powers delegated by Parliament to two bodies, the Foreign Investment Review Agency and the provincial authority dealing with land acquisitions by non-Canadians, might be used in an inconsistent manner with respect to the same transaction.

In my telex of February 20, 1976, I indicated that the role of F.I.R.A. with respect to real estate transactions would be reviewed in the light of the prospective amendment to the Canadian Citizenship Act. This review has now taken place and, although no public announcement has yet been made, the decision has been taken to amend the Foreign Investment Review Act to exempt from review by the Foreign Investment Review Agency, investments in land, including agricultural lands, which are subject to provincial regulation pursuant to the amendment to the Canadian Citizenship Act. This should meet many of the concerns expressed by provinces respecting the operation of subsection 6(e) and would, I suggest, be in line with the suggestion you put forward in your recent letter of August 12, 1976. The amendment will be introduced at the earliest convenient opportunity.

I would hope that this letter will serve to alleviate the major concerns raised by First Ministers on this subject.

Sincerely,

Original signed by
Original signed by
P.E. TRUDEAU



au Premier ministre Davis

PRIME MINISTER · PREMIER MINISTRE

O T T A W A

K1A 0A2

le 13 septembre 1976

Monsieur le Premier ministre,

Le 20 février dernier, je vous informais par message télex que le secrétaire d'Etat s'apprêtait à déposer un projet d'amendement de l'article 33 (anciennement l'article 24) de la Loi sur la citoyenneté canadienne, visant à éliminer certaines ambiguïtés d'ordre constitutionnel quant à l'aptitude des provinces à réglementer la propriété étrangère du sol. Le Parlement l'ayant maintenant adoptée, j'ajoute à la présente le texte de cette modification.

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L'honorable Robert Bourassa,
Le Premier ministre du Québec,
Hôtel du Gouvernement,
Québec (Québec).
G1A 1A2

Je désire profiter de l'occasion pour traiter de certains points que les Premiers ministres ont soulevés à la suite de ma lettre du 5 septembre 1975 touchant la modification précitées. Cette dernière respecte dans l'ensemble les recommandations que le Comité fédéral-provincial de la propriété étrangère du sol avait faites au sujet d'une éventuelle modification de la Loi sur la citoyenneté canadienne et s'apparente à la proposition que je vous avais exposée dans ma lettre du 5 septembre 1975. A cet égard, il convient de noter que le paragraphe 7 stipule que l'article 33 n'entrera en vigueur dans une province qu'après proclamation du Gouverneur en conseil.

Aucune province ne sera donc tenue d'avoir recours à cette loi pour réglementer la propriété étrangère du sol, à moins qu'elle ne le juge opportun et n'en informe le gouvernement fédéral.

Dans mon télex, je vous faisais part en outre des réserves de certaines provinces à propos de la condition b), au paragraphe (6), soit les possibilités de conflit découlant des obligations juridiques du Canada aux termes d'une loi, d'une coutume ou d'une entente internationales; et de la condition c), au même paragraphe, concernant les litiges pouvant résulter de l'approbation par le Gouverneur en conseil d'acquisitions de terrains conformément aux dispositions de la Loi sur l'examen de l'investissement étranger.

On a soulevé une question quant à la portée éventuelle de la première condition. Je pense qu'il conviendrait là de se référer au rapport du Comité fédéral-provincial, qui précise les deux types d'obligations internationales auxquels le Canada, à titre de nation, est tenu de se plier; les obligations qui découlent du droit international en général, et celles qui résultent de traités auxquels le Canada est partie. Le rapport souligne que les règles générales du droit international n'empêchent nullement le Canada d'interdire ou de réglementer l'acquisition de terrains par des étrangers, bien qu'elles imposent certaines conditions à l'expropriation de ceux dont les droits sont déjà établis. Pour ce qui est des obligations résultant de traités, le rapport donne à entendre que des difficultés pourraient surgir si les restrictions relatives à la propriété du sol au Canada étaient formulées de façon telle qu'elles établiraient une distinction entre les nations avec lesquelles le Canada a signé des ententes lui conférant le statut de "nation la plus favorisée". Cette condition a donc été ajoutée afin d'éviter une utilisation du pouvoir de réglementation délégué par le Parlement aux provinces (en ce qui concerne les "étrangers") qui pourrait amener le Canada à manquer aux types d'obligations internationales décrites par le Comité.

Quant à la condition (6) e), le gouvernement fédéral n'est pas d'avis qu'elle stipule que l'approbation d'un projet d'acquisition par l'Agence d'examen de l'investissement étranger confère à l'investisseur le droit d'acquérir des terrains en violation des lois provinciales en vigueur, comme celles qui concernent l'utilisation des sols ou l'aptitude des sociétés commerciales à posséder des terrains, par exemple. De plus, l'alinéa e) de l'article 2 de la Loi sur l'examen de l'investissement étranger précise que l'Agence de l'examen de l'investissement étranger doit tenir compte, lors de l'examen d'un projet de transaction pouvant avoir des incidences appréciables dans une province, des objectifs en matière de politique industrielle et économique énoncés par le gouvernement ou le corps législatif de cette province. Ainsi, les préoccupations des provinces au sujet des acquisitions de terrains par des étrangers seraient, s'il y a lieu, prises en ligne de compte lorsque l'Agence est appelée à étudier une demande. Dans ce contexte, la condition e) du paragraphe (6) a pour objet d'éviter le genre de situation où les pouvoirs de réglementation délégués par le Parlement aux deux organismes, soit l'Agence d'examen de l'investissement étranger et l'organisme provincial chargé des questions relatives aux acquisitions de terrains par des non-Canadiens, seraient utilisés de manière contradictoire dans la même transaction.

Dans ce même message télex du 20 février, j'avais indiqué que le rôle de l'AEIE en ce qui concerne les transactions immobilières ferait l'objet d'une étude à la lumière du projet de modification de la Loi sur la citoyenneté canadienne. Cette étude a depuis été faite et, bien qu'on ne l'ait pas encore annoncé publiquement, il a été décidé de modifier la Loi sur l'examen de l'investissement étranger dans un sens qui permettrait de soustraire à l'autorité de l'Agence d'examen de l'investissement étranger les investissements fonciers, y compris les acquisitions de terres arables, qui sont régis par des règlements provinciaux conformément à la modification apportée à la Loi sur la citoyenneté canadienne. Ceci devrait répondre aux nombreuses objections formulées par les provinces à propos des modalités d'application de l'alinéa 6 e). Le projet d'amendement sera déposé aussitôt que possible.

Dans votre lettre, vous évoquez la possibilité de modifier l'article 33 de façon à ce que ses modalités d'application soient sujettes aux dispositions des lois provinciales sur la propriété foncière, comme l'a mentionné le Comité fédéral-provincial de la propriété étrangère du sol. Je note cependant à cet égard que le Comité, bien qu'il concède qu'une telle décision permettrait d'éviter les conflits entre la législation provinciale et la Loi sur la citoyenneté canadienne, estime néanmoins qu'elle pourrait ne pas résoudre le problème soulevé,

c'est-à-dire, la possibilité que les lois provinciales visant à réglementer la propriété étrangère du sol soient jugées anticonstitutionnelles parce qu'elles se rapportent aux étrangers plutôt qu'à des questions relevant de la compétence provinciale. La délégation de pouvoirs de réglementation figurant dans la modification, telle qu'elle a récemment été adoptée par le Parlement, permettra de parer à cette éventualité.

J'espère que la présente vous rassurera pleinement et je vous prie d'agréer, Monsieur le Premier ministre, l'assurance de ma haute considération.

Original signé par

Original signed by

P.E. TRUDEAU

TRADUCTION



: PRIME MINISTER - PREMIER MINISTRE

Ottawa, K1A 0H2

le 13 septembre 1976

Monsieur le Premier ministre,

Le 20 février dernier, je vous informais par message télex que le secrétaire d'Etat s'apprêtait à déposer un projet d'amendement de l'article 33 (anciennement l'article 24) de la Loi sur la citoyenneté canadienne visant à éliminer certaines ambiguïtés d'ordre constitutionnel quant à l'aptitude des provinces à réglementer la propriété étrangère du sol. Le Parlement l'ayant maintenant adoptée, j'ajoins à la présente le texte de cette modification.

Je désire profiter de l'occasion pour traiter de certains points que les Premiers ministres ont soulevés à la suite de ma lettre du 5 septembre 1975 touchant la modification précitée. Cette dernière respecte dans l'ensemble les recommandations que le comité fédéral-provincial de la propriété étrangère du sol avait faites au sujet d'une éventuelle modification de la Loi sur la citoyenneté canadienne et s'apparente à la proposition

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honorable William G. Davis, C.R.
Premier ministre de l'Ontario
Edifice parlementaire
Toronto, Ontario

que je vous l'avais exposée dans ma lettre du 5 septembre 1975. A cet égard, il convient de noter que le paragraphe 7 stipule que l'article 33 n'entrera en vigueur dans une province qu'après proclamation du gouverneur en conseil. Aucune province ne sera donc tenue d'avoir recours à cette loi pour régler la propriété étrangère du sol, à moins qu'elle ne le juge opportun et n'en informe le gouvernement fédéral.

Dans mon télex, je vous faisais part en outre des réserves de certaines provinces à propos de la condition b) du paragraphe (6), soit les possibilités de conflit découlant des obligations juridiques du Canada aux termes d'une loi, d'une coutume ou d'une entente internationale; et de la condition e), au même paragraphe, concernant les litiges pouvant résulter de l'approbation par le gouverneur en conseil d'acquisitions de terrains conformément aux dispositions de la Loi sur l'examen de l'investissement étranger. On a soulevé une question quant à la portée éventuelle de la première condition. Je pense qu'il conviendrait là de se référer au rapport du comité fédéral-provincial, qui précise les deux types d'obligations internationales auxquelles le Canada, à titre de nation, est tenu de se plier; les obligations qui découlent du droit international en général, et celles qui résultent de traités auxquels le Canada est partie. Le rapport souligne que les règles générales du droit international n'empêchent nullement le Canada d'interdire ou de réglementer l'acquisition de terrains par des étrangers, bien qu'elles imposent

certaines conditions à l'expropriation de ceux dont les droits sont déjà établis. Pour ce qui est des obligations résultant de traités, le rapport donne à entendre que des difficultés pourraient surgir si les restrictions relatives à la propriété du sol au Canada étaient formulées de façon telle qu'elles établiraient une distinction entre les nations avec lesquelles le Canada a signé des ententes lui conférant le statut de "nation la plus favorisée". Cette condition a donc été ajoutée afin d'éviter une utilisation du pouvoir de réglementation délégué par le Parlement aux provinces (en ce qui concerne les "étrangers") qui pourrait amener le Canada à manquer aux types d'obligations internationales décrites par le comité.

Quant à la condition (6) e), le gouvernement fédéral n'est pas d'avis qu'elle stipule que l'approbation d'un projet d'acquisition par l'Agence d'examen de l'investissement étranger confère à l'investisseur le droit d'acquérir des terrains en violation des lois provinciales en vigueur, comme celles qui concernent l'utilisation du sol ou l'aptitude des sociétés commerciales à posséder des terrains, par exemple. De plus, l'alinéa e) de l'article 2 de la Loi sur l'examen de l'investissement étranger précise que l'Agence d'examen de l'investissement étranger doit tenir compte, lors de l'examen d'un projet de transaction pouvant avoir des incidences appréciables dans une province, des objectifs en matière de politique industrielle et économique énoncés par le gouvernement ou le corps législatif de cette province. Ainsi, les préoccupations des provinces au sujet des acquisitions de terrains par des étrangers seraient, s'il y a lieu, prises en ligne de compte lorsque l'Agence est appelée à étudier une demande. Dans ce contexte, la condition e) du paragraphe (6) a pour objet d'éviter le genre de situation où les pouvoirs de réglementation délégués par le Parlement aux deux

organismes, soit l'Agence d'examen de l'investissement étranger et l'organisme provincial chargé des questions relatives aux acquisitions de terrains par des non-Canadiens, seraient utilisés de manière contradictoire dans la même transaction.

Dans ce même message télex du 20 février, j'avais indiqué que le rôle de l'AEIE, en ce qui concerne les transactions immobilières, ferait l'objet d'une étude à la lumière du projet de modification de la Loi sur la citoyenneté canadienne. Cette étude a depuis été faite et, bien qu'on ne l'ait pas encore annoncé publiquement, il a été décidé de modifier la Loi sur l'examen de l'investissement étranger dans un sens qui permettrait de soustraire à l'autorité de l'Agence d'examen de l'investissement étranger les investissements fonciers, y compris les acquisitions de terres arables, qui sont régis par des règlements provinciaux, conformément à la modification apportée à la Loi sur la citoyenneté canadienne. Ceci devrait répondre aux nombreuses objections formulées par les provinces à propos des modalités d'application de l'alinéa 6 e). Le projet d'amendement sera déposé aussitôt que possible.

Dans votre lettre, vous évoquez la possibilité de modifier l'article 33 de façon que ses modalités d'application soient sujettes aux dispositions des lois provinciales sur la propriété foncière, comme l'a mentionné le Comité fédéral-provincial de la propriété étrangère du sol. Je note cependant à cet égard que le Comité, bien qu'il concède qu'une telle décision permettrait d'éviter les conflits entre la législation provinciale et la Loi sur la citoyenneté canadienne, estime néanmoins qu'elle pourrait ne pas résoudre le problème soulevé, c'est-à-dire, la possibilité que

les lois provinciales visent à régler la propriété étrangère du sol soient jugées anti-constitutionnelles parce qu'elles se rapportent aux étrangers plutôt qu'à des questions relevant de la compétence provinciale. La délégation de pouvoirs de réglementation figurant dans la modification, telle qu'elle a récemment été adoptée par le Parlement, permettra de parer à cette éventualité.

J'espère que la présente vous rassurera pleinement et je vous prie d'agréer, Monsieur le Premier ministre, l'assurance de ma haute considération.

(Signé: Pierre E. Trudeau)



CONFIDENTIAL

PRIME MINISTER · PREMIER MINISTRE

Ottawa, K1A 0A2

September 13, 1976

My dear Premier:

As you will recall I informed you in a telex last February 20 that the Secretary of State would be introducing shortly an amendment to section 33 (formerly section 24) of the Canadian Citizenship Act in order to remove some of the constitutional ambiguity concerning provincial power to regulate land ownership by non-Canadians. I am enclosing a copy of the amendment which now has been passed by Parliament.

At this time I would like to address myself to some of the specific concerns that have been raised by First Ministers in response to my letter of September 5, 1975, regarding the amendment. This amendment generally follows the suggestion of the Federal-Provincial Committee on the Foreign Ownership of Land concerning possible modification of the Canadian Citizenship Act and is of the nature of the proposal I made to you in my letter of September 5, 1975. I should point out in particular that subsection

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The Honourable William G. Davis, Q.C.
Premier of Ontario
Parliament Building
Toronto, Ontario

7 provides that section 33 shall come into force in any province only by proclamation of the Governor in Council. No province will be required to avail itself of this law to regulate ownership of land by foreigners unless it wishes to do so and indicates this desire to the federal government.

In my February telex to you, I noted certain reservations that had been raised by some provinces concerning condition (b) of subsection (6), conflict with legal obligations of Canada under any international law, custom or agreement; and condition (e) of subsection (6), conflict with land acquisitions allowed by the Governor in Council under the Foreign Investment Review Act. With respect to the former, a question has been raised as to the possible scope of this condition. In this connection reference should be made to the Federal-Provincial Committee's Report which indicates the two types of international obligations to which Canada, as a nation, is subject: those which arise from general international law and those which result from treaties to which Canada is a party. The Report notes that general international law does not prevent Canada from prohibiting or regulating the acquisition of land by aliens although it does impose rules that apply to divesting aliens of property they already own. In terms of treaty obligations, the Report suggests that problems might arise if restrictions on land ownership in Canada were enacted in a manner that discriminated among nations with which Canada has a "most favoured nation" status. The purpose of attaching this condition, therefore, is to avoid the use of the regulatory authority, in relation to "aliens", delegated by Parliament to the provinces, being used in a manner that might put Canada in default of the kinds of international obligations described by the Committee.

Concerning condition (6) (e), it is not the federal government's view that this condition provides that approval by the Foreign Investment Review Agency of a prospective takeover gives the investor a right

to acquire lands contrary to valid provincial legislation such as that regarding land use or the capacity of corporate entities to hold land. Further, section 2(e) of the Foreign Investment Review Act specifies that the Foreign Investment Review Agency is to take into consideration industrial and economic policy objectives enunciated by the government or legislature of any province likely to be affected significantly by a transaction under review. Concerns of the provinces regarding acquisitions of land by foreigners, therefore, would be taken into account where this is relevant to an application before the Agency. The purpose of condition (e) of subsection (6), however, is to avoid a situation where regulatory powers delegated by Parliament to two bodies, the Foreign Investment Review Agency and the provincial authority dealing with land acquisitions by non-Canadians, might be used in an inconsistent manner with respect to the same transaction.

In my telex of February 20, 1976, I indicated that the role of F.I.R.A. with respect to real estate transactions would be reviewed in the light of the prospective amendment to the Canadian Citizenship Act. This review has now taken place and, although no public announcement has yet been made, the decision has been taken to amend the Foreign Investment Review Act to exempt from review by the Foreign Investment Review Agency, investments in land, including agricultural lands, which are subject to provincial regulation pursuant to the amendment to the Canadian Citizenship Act. This should meet many of the concerns expressed by provinces respecting the operation of subsection 6(e). The amendment will be introduced at the earliest convenient opportunity.

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In your letter you canvass the possibility that section 33 be amended to make it subject to provincial legislation respecting land as was mentioned by the Federal-Provincial Committee on Foreign Ownership of Land. I note the Committee's suggestion that, although such an action would avoid conflict between provincial legislation and the Canadian Citizenship Act, such a modification may not alleviate the problem which was identified in the Committee; namely, the possibility that provincial laws which attempt to regulate the ownership of land by aliens might be found ultra vires as laws relating to aliens rather than to matters within provincial jurisdiction. The delegation of regulatory authority embodied in the amendment, as recently enacted by Parliament, will avoid this eventuality.

I would hope that this letter will serve to alleviate the major concerns raised by First Ministers on this subject.

Sincerely,

Original signed per
Original signed by
P.E. TRUDEAU

TRADUCTION



Même lettre envoyée aux
Premier ministres Bennett
Blakeney, Campbell, Hatfield
Moore and Schreyer

PRIME MINISTER · PREMIER MINISTRE

Ottawa, K1A 0A2

le 13 septembre 1976

Monsieur le Premier ministre,

Le 20 février dernier, je vous informais par message télex que le secrétaire d'Etat s'app préparait à déposer un projet d'amendement de l'article 33 (anciennement l'article 24) de la Loi sur la citoyenneté canadienne visant à éliminer certaines ambiguïtés d'ordre constitutionnel quant à l'aptitude des provinces à réglementer la propriété étrangère du sol. Le Parlement l'ayant maintenant adoptée, j'ajoute à la présente le texte de cette modification.

Je désire profiter de l'occasion pour traiter de certains points que les Premiers ministres ont soulevés à la suite de ma lettre du 5 septembre 1975 touchant la modification précitée. Cette dernière respecte dans l'ensemble les recommandations que le comité fédéral-provincial de la propriété étrangère du sol avait faites au sujet d'une éventuelle modification de la Loi sur la citoyenneté canadienne et s'apparente à la proposition que je vous avais exposée dans ma lettre du 5 septembre 1975. A cet égard, il convient de noter que le paragraphe 7 stipule que l'article 33 n'entrera en vigueur dans une province qu'après proclamation du gouverneur en conseil. Aucune province ne sera donc tenue d'avoir

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L'honorable Gerald A. Regan
Premier ministre de la Nouvelle-Ecosse
Édifice parlementaire
Halifax, Nouvelle-Ecosse

recours à cette loi pour réglementer la propriété étrangère du sol, à moins qu'elle ne le juge opportun et n'en informe le gouvernement fédéral.

Dans mon téléx, je vous faisais part en outre des réserves de certaines provinces à propos de la condition b) du paragraphe (6), soit les possibilités de conflit découlant des obligations juridiques du Canada aux termes d'une loi, d'une coutume ou d'une entente internationales; et de la condition e), au même paragraphe, concernant les litiges pouvant résulter de l'approbation par le gouverneur en conseil d'acquisitions de terrains conformément aux dispositions de la Loi sur l'examen de l'investissement étranger. On a soulevé une question quant à la portée éventuelle de la première condition. Je pense qu'il conviendrait là de se référer au rapport du comité fédéral-provincial, qui précise les deux types d'obligations internationales auxquelles le Canada, à titre de nation, est tenu de se plier; les obligations qui découlent du droit international en général, et celles qui résultent de traités auxquels le Canada est partie. Le rapport souligne que les règles générales du droit international n'empêchent nullement le Canada d'interdire ou de réglementer l'acquisition de terrains par des étrangers, bien qu'elles imposent certaines conditions à l'expropriation de ceux dont les droits sont déjà établis. Pour ce qui est des obligations résultant de traités, le rapport donne à entendre que des difficultés pourraient surgir si les restrictions relatives à la propriété du sol au Canada étaient formulées de façon telle qu'elles établiraient une distinction entre les nations avec lesquelles le Canada a signé des ententes lui conférant le statut de "nation la plus favorisée". Cette condition a donc été ajoutée afin d'éviter une utilisation du pouvoir de réglementation délégué par le Parlement aux provinces (en ce qui concerne les "étrangers") qui pourrait amener le Canada à manquer aux types d'obligations internationales décrites par le comité.

Quant à la condition (6)e), le gouvernement fédéral n'est pas d'avis qu'elle stipule que l'approbation d'un projet d'acquisition par l'Agence d'examen de l'investissement étranger confère à l'investisseur le droit d'acquérir des terrains en violation des lois provinciales en vigueur, comme celles qui concernent l'utilisation du sol ou l'aptitude des sociétés commerciales à posséder des terrains, par exemple. De plus, l'alinéa e) de l'article 2 de la Loi sur l'examen de l'investissement étranger précise que l'Agence d'examen de l'investissement étranger doit tenir compte, lors de l'examen d'un projet de transaction pouvant avoir des incidences appréciables dans une province, des objectifs en matière de politique industrielle et économique énoncés par le gouvernement ou le corps législatif de cette province. Ainsi, les préoccupations des provinces au sujet des acquisitions de terrains par des étrangers seraient, s'il y a lieu, prises en ligne de compte lorsque l'Agence est appelée à étudier une demande. Dans ce contexte, la condition e) du paragraphe (6) a pour objet d'éviter le genre de situation où les pouvoirs de réglementation délégués par le Parlement aux deux organismes, soit l'Agence d'examen de l'investissement étranger et l'organisme provincial chargé des questions relatives aux acquisitions de terrains par des non-Canadiens, seraient utilisés de manière contradictoire dans la même transaction.

Dans ce même message télex du 20 février, j'avais indiqué que le rôle de l'AEIE, en ce qui concerne les transactions immobilières, ferait l'objet d'une étude à la lumière du projet de modification de la Loi sur la citoyenneté canadienne. Cette étude a depuis été faite et, bien qu'on ne l'ait pas encore annoncé publiquement, il a été décidé de modifier la Loi sur l'examen de l'investissement étranger dans un sens qui permettrait de soustraire à l'autorité de l'Agence d'examen de l'investissement étranger les investissements fonciers, y compris les acquisitions de terres arables, qui sont régis par des règlements provinciaux, conformément à la modification apportée

à la Loi sur la citoyenneté canadienne. Ceci devrait répondre aux nombreuses objections formulées par les provinces à propos des modalités d'application de l'alinéa 6e). Le projet d'amendement sera déposé aussitôt que possible.

J'espère que la présente vous rassurera pleinement et je vous prie d'agréer, monsieur le Premier ministre, l'assurance de ma haute considération.

(signé: Pierre E. Trudeau)



Same letter sent to
Premiers Bennett, Blakeney
Campbell, Hatfield, Moores
and Schreyer

CONFIDENTIAL

PRIME MINISTER · PREMIER MINISTRE

Ottawa, K1A 0A2

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Original signed par
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P.E. TRUDEAU

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(Opening remarks by Student Chairman explaining the rules for the question and answer session, followed by first question.)

Q. Is the Government of Canada in support of warfare in Southern Africa, on behalf of the liberation movements and is it prepared to state so publicly?

A. Look, I was wondering if we had a kind of discussion which means that if we can break the rules and they want to make statements I'll be just as happy to listen to them as to make statements myself. So, unless the Raleigh Club never bends...

Q. We're flexible...

A. Well, I'm flexible too. We've got an hour. I'm just as interested in hearing your views as imposing mine on you. I won't try to evade any questions though I'll have to keep my answers reasonably simple because you and I may make headlines in ways we don't want if we say the wrong things. Now on your question, no, we don't support warfare anywhere. We are a pacific government but it does not mean we are pacifists, and it seems that sometimes we realize that you have to fight in order to achieve your rights and have justice prevail. And in the particular case of Southern Africa, Rhodesia in particular, we realize that after more than a decade of negotiations which have successively failed, constantly failed, we can understand that there are guerillas which are impatient and which want to use more war-like means to achieve the independence with equality of Rhodesia, of

zimbabwe. So in that sense, we are not judging others who use violent means, but we don't support it, we don't want to engage in that war anymore than we want to engage in any other war. That's a fairly simple answer, but if you have an argument or a discussion, I would be happy to carry it along with you.

Q. Fine, I'll leave it to everybody else now, and brief statements would be fine as long as they are followed by general questions.

Q. Well, being a Canadian myself, I think one of the biggest problems right now is separatism. I'm from Alberta and we've have been crying separatism or autonomy for a long time now and here all of a sudden Quebec is actually doing that. Now two questions: What do you think the chances are for Quebec actually to separate. This is a very important problem and you would obviously have more inside information than the rest of us. And question 2: Do you think that perhaps one of the benefits of all this might be the re-writing of the BNA Act, to give more power to the provinces which might strengthen Confederation.

A. Well, it's hard to understand how you would strengthen Confederation by weakening it, but that's I suppose a view of Canada that a lot of provincially-oriented people have, that if we gave the provinces more power, somehow Canada would be stronger. It's not the view that I take to be self-evident. You know you could have a looser form of federalism, you could even go towards some form of loose Confederation which a lot of the pro-separatist supporters believe in and maybe that would be the way to save Canada by weakening it sufficiently that people would still accept to live together. But, I repeat, it's not a view towards which I'm inclined. But here again I'm open to discussion and persuasion -- it has been tried on me for a long time. And on this particular one, you know, special status, my argurent

is that Canada is already one of the most decentralized countries in the world and you can go further towards decentralization but then you are losing the notion of a country which can act in unison and you are beginning to work towards a Confederation of semi-independent states. Your first question is one I can't really answer very well. I have no inside information on what would happen if Quebec separated and I think it is everybody's guess. I think it would be a mistake to just look at the economic disadvantages of doing so and I take them to be self-evident because if they were not, the separatists would not be talking of "souveraineté-association". They would be talking of independence full-stop, independence full and simple. But they are realizing that that would be of some substantial -- and they admit that -- economic cost to themselves and, they say, also to the other provinces. But they realize it would be a costly business to be an independent Quebec, so they hasten to say: And we will also associate into some form of a common market. Therefore, it is evident that a separate Quebec would be a poorer Quebec. But I don't think that is the main argument you can use against people who want to be independent, whether it be in Canada or in some part of some empire. They would say: Look, it's not a matter of material wealth, it's a matter of dignity and we want to be free. So I really can't speculate further than that. I don't think that it is going to be happening and I don't particularly want to waste much energy in speculating on historical might be's. You know...

Q. Well, just one last follow-up. Is that the popular consensus of Quebec separatism?

A. Did you say you're Canadian? Is it a popular consensus?

Q. Well, I mean, do the majority of people in Quebec want it? Obviously it hasn't gone to a referendum yet but it will, so...

A. Well, you know, one can't tell how minds will turn and change, but one can say without any equivocation that if the majority of people wanted separation in Quebec, we would have a referendum tomorrow, because obviously the PQ government would have a referendum whenever they think they can win it. And they are absolutely certain they can't win it now, so they are procrastinating.

Q. Although I come from Saskatchewan, not all Saskatchewanians are as naive as to believe that the issues in Quebec are purely economic although the Quebec government has recently produced statistics saying that they are losing millions of dollars every year by being a member of Confederation. On decentralization, it might suit my friend from Alberta and the other Albertans to have a weakened federal government spending less so that Alberta could spend more. I'm not sure that Saskatchewan would like that, but Saskatchewanians are preoccupied and have been for a very long time by federal government spending which to us appears to have benefitted primarily industries in Ontario because this is where I suppose industry has been located. This is a double-barrelled question. What is the government doing? What can it do to encourage industries in the periphery, I know you get this over and over again but also what measures the government is prepared to take to spend more of its money in places like the Maritimes, perhaps Quebec, and the Western provinces?

A. Well, I suppose the historical way in which Confederation has developed since MacDonald's national policy was not so much that Ottawa would encourage industry to go to the central provinces, not so much that, as that the central provinces were where the population was and it was also closer in terms of access to the American dense markets and in terms of access also to Pennsylvania coal and steel and so on. So it is not that the federal government tried to develop Central Canada or Ontario. It is that this is the

way the economics and the geography was. And then MacDonald with his national policy took a view of Canada which one can argue about but which was defensible in its time. But we had to build a strong country. This meant that we had to protect ourselves from industries by a high tariff wall and therefore you would build the industries who would (inaudible) themselves of consumer and producer goods and the West would be a hinterland which would be occupied and populated and provide something of a market for central Canada's manufactured goods. So in that sense of course Ontario industry was helped by tariffs and so on. But if there has been any deliberate policy in modern times, particularly in my modern times, it's been an effort to help industry outside of central Canada. In 1968 we created the Department of Regional Economic Expansion (announced it in '68 and created it in '69) and since then we've spent literally billions of dollars trying to create incentives of various sorts to have industry go to the Maritimes or go to the West or settle in those parts of Quebec which were less developed, and so on. There are many policies which attempt that and which have been arguably successful or unsuccessful. One statistic is significant in that the Maritimes which for at least a couple of generations had been losing its population through out-migration but that was reversed about four or five years ago and now their population is either returning or staying; there is no longer out-migration, there is in-migration to the Maritimes. To what extent this is due to the fact that people have different lifestyles and now they would rather live by the sea than in a crowded city; and to what extent it is because we spent let's say hundreds of millions of dollars to help build an infrastructure: roads, sewers, parks, schools and everything else in those parts of Canada which benefit from DREE grants. This has been our policy, it continues to be our policy. There is no clear-cut answer. You know, I don't think any country which is faced with problems of disparities whether it be France in its southern

regions or Italy in its southern regions, have found any sure way to make industry go to areas where it is not economic to go. And that's what it's all about. If you want an industry to settle outside of the Golden Horseshoe and go into lower Quebec regions or the eastern maritime regions, you can make them go by giving them enough money, but economics don't dictate that they go there and therefore you're always fighting in a sense against economic good sense. You're investing the taxpayers' dollars in order to do something that is not economically right and proper. And of course we do that all the time in a liberal democracy. We are always spending money in a way which is not efficient. When we pay old age pensions, you know you don't do that, they don't have old age pensions in China. They say you look after your mom and dad and you damn well do. But we're always redistributing the wealth in ways which produce satisfactions which are negative in economic terms, but which we do because we believe in certain concepts of state help, and so on. It's the same thing with DREE.

The fashion in recent years with high inflation is to tell the government that it should be spending less money because our budgets are too high and our federal and provincial budgets are taking too large a part of the GNP, the private sector could spend it better and so on and it is certain that every time that you put money to send industry to the Maritimes or to keep people on unemployment insurance or to pay family allowances, it is certain that you are adding to your costs of production and to the extent that you are doing more than other countries are doing, you are putting yourself in a position where you can't compete in their markets unless the taxpayers are prepared to substitute their public satisfaction for their private one. What I mean is that if we bring Medicare to Canada -- that's what has happened in 68 -- people should start saying well I'm paying for Medicare through my taxes, I shouldn't try and have as much money after taxes as though I were not paying for Medicare because if you're paying for

Medicare you've got free medical aid. It means that you're spending less money for your doctor bills, and hospital bills and so on. But the trouble with many modern societies is that they want to have these services, schools, universities, parks, medical aid, and so on, but they don't want it to be taken out of their effective purchasing power. It's getting to be a long answer.

Q. Mr. Richardson left your Cabinet ostensibly on the grounds that the government wasn't doing enough for the West but he has (inaudible) constituents or other reasons. You tell us what your version of the story is.

A. Well, I can tell you that his version of the story is not the one that you just gave me. The reasons he left the Cabinet and he stated them in so many words to myself and publicly is that he discovered that we were attempting to not only promote bilingualism but -- which we have been doing for many years -- but that we were trying to entrench, we proposed to entrench in the Constitution a linguistic bill of rights if I can call it that. And he is not convinced that bilingualism is necessary for Canada. He thinks that it may be or it may not be, but it's such a very risky thing and a complicated thing to have two official languages that he thinks that we should prove it's a good thing before making it irreversible by constitutional amendment. And that's why he says he left the Cabinet.

Q. So he had no frustrations with economic policies?

A. I don't know. It was not the reason he gave to me or publicly for... You know as a Cabinet member from the West, he was always fighting to get more for his particular province, but then so does Otto Lang for Saskatchewan, so does Jack Horner for Alberta, or he will I'm sure. So to that extent, you know, you are always frustrated in Cabinet because nobody can have exactly his way. But that is not the reason he gave nor do

I believe it's the basic reason for which he resigned from the Cabinet.

Q. This March the American periodical "Business Week" produced its survey on the Canadian economy. One observation that they made was that Canada is beset by a growing structural crisis that is reflected by the Canadian trade deficit in manufactured goods which have doubled from \$4.8 billion in 1972 to over \$10 billion in 1976. So they have said that Canadian costs are too high and its market of 22 million people too small to support except behind the shield of stiff tariff barriers. However the cautious atmosphere reported at the London Summit Conference concerning protectionism and the desire to avoid the initiation of a tariff war would seem to contradict the idea that protection of industry could be adopted. So my question is to what extent could the existence of the Canadian manufacturing sector be compromised in an effort to avoid the erection of protective tariffs?

A. As a matter of record, most Canadian governments including this one have always supported a greater liberalization of trade, I'm talking of in recent times, post Second World War, and we've always participated in the General Agreement on Tariffs and Trade negotiations, by asking for greater moves towards lower tariffs. This was our position at the Kennedy Round, at the Tokyo Round, this is our position now in Geneva and it was our position at the London Conference. Let's get on with the GATT negotiations and let's all agree to lower our tariffs including Canada. So to that extent you know in some areas we are more protectionist than the United States, in some areas we are considerably less. Let me give you some figures on imported textiles from particularly the Orient. I think something like 50 to 60 per cent of our consumption of such goods was imported whereas in the United States it is in the area of 10 to 15, and we are trying to lower that proportion a little bit so that there be more protection for

Canadian industries. But in no way are we going to be as the Americans? So you really can't make a general thesis about Canadians being more protectionist than any other country. It depends on what and in what particular area. But nonetheless your question about structural changes remains valid and quite frankly one of the reasons why we brought in price and wage controls in October '75 was because we were very concerned with the structural deficiencies of our economy and the fact that we were in a fact pricing ourselves out of some of our markets by either our high labour costs or entrepreneurial inefficiency, or technological retardation and in general areas of low productivity than some of our competitors. Just think of the Japanese and even in some areas the Americans. So there is no doubt that -- here again I have to be careful of what the headlines will say -- and one must always look at the future with optimism if you're a politician. But there is no doubt that the Western economies including our own have some very serious structural problems. Let's keep Canada out of the headlines, just look at the Americans. They are asking the Japanese: please don't send us too many of your television sets, because you are flooding our market. And they are asking well several industrial countries, including Britain, are asking the Japanese to go easy on their shipyards because they are causing shipyards all over the world to close down. They are too efficient and so on. And on the other hand, the Japanese are saying: Well, you know, what do you want us to do. We are not going to put our people out of work. So they force the shipyards of the lesser countries, in Taiwan or Singapore to close down. These great structural difficulties are in all the Western and all the industrialized democracies. And you talk of the London Summit, fortunately we got around to talking about that at the London Summit. It was not just asking ourselves how Mr. Keane would have found a solution now, but it was looking at much and much deeper problems of well, of structural difficulties such as you described, as

what Adlai Stevenson used to call "the revolution of rising expectations". We all want to get richer faster everywhere all the time now and you know no government can do everything for everybody everywhere all the time. But there is a dwindling number of people in our democracies who feel that it isn't the government's duty to do more for everybody everywhere all the time. And that's what is throwing everything out of joint.

Q. Well, is there a possibility for a Canadian business in the manufacturing sector to continue for the preservation of light goods industry in Canada, automobile parts for example. Or are we bound to be a resource base?

A. Well, without exactly believing that small is always beautiful, it's obvious that in some areas the economies of scale cease to work, it just depends what you're producing. Because we have a small captive market as you said earlier, I think we are the only industrialized nation with a captive market of substantially less than 100 million people, you know. We've got what, 22 million people in Canada; that's our market. The Americans start with 240 million people; the Common Market has created a market almost equally as big as the United States... Japan has a captive market of 100 million people to start with and so on. Here is Canada, an advanced industrial state which has to go out and compete against all these other people, that means we have to be as efficient, we have to have our costs as low, we have to be as productive or more and we have to have very high entrepreneurial skills. Well, you know, that's asking a lot of us, but we made it in the past and I don't see why we would not make it in the future. It is for that reason that we are on the side of those who are arguing for lower tariffs, because we know that if we try to protect our little market of 22 million people, the United States will want to protect against us their bigger market of 230 or 240 million people. And that's why on the contrary, in things like the Auto Pact we've tried to

form a common market with the United States in the auto industry and it has proven to be beneficial to both countries. Jobs and incomes have increased on both sides because of the Auto Pact and insofar as we can't have auto-pactlike type of things with everyone, we want everyone to tend to have lower tariffs and we are prepared to negotiate lower tariffs of our own if the other people would lower their tariffs because we must break into these markets if we are going to be a prosperous economy.

Q. I know you believe in a Parliamentary democracy... and you are a firm believer in the Commonwealth. I'm not quite so clear as to your personal view about Canada as a constitutional monarchy, and the role of the British Royal Family in Canada.

A. Well, here again, you know it would be better if we were in a common room and without the media. Let me try and answer that without losing half of the votes in Canada. You are quite right in stating my preferences for a parliamentary system rather than shall we say a presidential one. Therefore, I start with the need for an Executive which is part of Parliament and with a head of State which is different from the Prime Minister. Now, should that head of State be the Queen as it is now or should it be a Governor General nominated or appointed in some way? In absolute political theory, I think you can argue both and I could argue both, which would lead me to conclude that it doesn't much matter one way or another. This being stated to tell you what my principles are, let me then say how I apply them in a political situation. The monarchy is very important to a lot of Canadians -- I don't know how many, I suppose a quarter to a third have a really emotional bind or tie to the monarchy. You know, they cross the Atlantic to be at the Jubilee and they stand in the rain and wave flags and cheer when the Queen goes by. And I'm not knocking it. It's you know, it's a very emotional attachment for a lot of Canadians. This being so, I have always taken

the position that unless an institution which a lot of, a significant number of people in a country held dear, unless that institution were a positive nuisance, I would not propose to attack it or change it or demolish it. I just don't think that with the very real problems we face in Canada, we can afford to spend that kind of emotional energy in fighting symbols that somebody else believes in, or fighting for a symbol that somebody else does not believe in, and that's my general answer on the monarchy. If you think that I haven't been clear enough, ask me a supplementary. Let me sum it up. In Canada, we have a constitutional monarchy which is working as well I would suggest as if we had an elected or a nominated Governor General or one appointed by some kind of an electoral college, and if it's working as well don't ask me to spend my time and energy trying to change it by something which might be more pleasing to some but considerably less pleasing to others. You know, you can deal with these problems. I'd rather try and solve unemployment, or inflation or whatever it is.

Q. How does this apply (inaudible) to repatriation of the Constitution?

A. Well, you see, we could have our Constitution in Canada just like Australia has, or just like Britain has. It has its own Constitution and it still believes in the monarchy, there is no contradiction. What you are really saying when you are talking of patriation of the Constitution is that you're going to cease letting the British be the amenders of your Constitution in some basic parts. We can't change a large part of Sections 91 and 92 without coming to Britain and get them to pass the British North America Act. So all we're saying when we talk of patriating the Constitution is that we should be able to do it in Canada without coming to Britain. But whether we would keep a Queen or not has really nothing to do with where the Constitution lies. You know,

New Zealand's Constitution lies in New Zealand. It does not lie in Britain and yet they are as monarchist as you can be, I guess.

Q. Prior to the Carter administration, a lot of people in the United States were calling for more open government and since Carter's election apart from the people who stand to make half a million dollars in advance paper back sales, a lot of people felt that exposing the guts of negotiations and sort of having a tremendously candid and open government has in some ways impeded the delicacy and the complexity of government negotiations both domestically and internationally. And I was wondering if you could reflect on the feasibility of open government and further on participatory democracy.

A. Well, the way you asked the question it might be a trap, but... because you are leading me down in a direction which I would gladly follow and which... You know, most people who will ask the question make the contrary case. They show the advantages of open government rather than disadvantages of it and I would start with the proposition that if you are going to have a democracy the people should be as informed as possible on every issue. Therefore, you should not be encouraging a form of government which not only does not give the people all the facts, but does not give the people the basis of the reasons why it reached certain conclusions. So to that extent, one has to have open government if you want to have an open society and a free democracy.

Q. But do you see any point at which it becomes detrimental?

A. Yes, there are seven cases where it becomes detrimental. The first is -- I'll see if I can remember them all -- the first is when the revealing of certain documents or facts or reasonings is detrimental to the negotiation

between states. For instance, if we got a secret message from Sweden or France or the United States which they wanted, you know, they were giving us some secret information which they were holding in secrecy and we said well it's an open government and as soon as it comes here it becomes public. You know, we would cease getting any communication. So that's the first exception. The second is similar. It has to do with federal-provincial relations. Communications between the provincial and federal governments must be privileged unless both parties agree to make it public. But I could not sort of decide to publish a letter I got from Peter Lougheed without Peter Lougheed saying, you know, if he wrote Confidential on it, I just would not be able to disclose it. The third example, the third exception is when it is detrimental to individual reputations. If I got a secret list of Bolsheviks who were working for the Federal Government and I wanted to warn the ministers against the dangers of these Bolsheviks that they've hired, you know I would not want that list to be public because maybe they are not Bolsheviks and if they are, you know, they are still nice people with kids at home, and I can understand me telling the minister: Look, this is a nice guy and a darn good economist, but don't give him the secrets of the atom bomb. So when it's to protect the reputation of an individual, so we have three exceptions. The fourth I suppose would be in the area of creating great commercial disadvantage to Canadian entrepreneurs or firms which means for instance the Bureau of Statistics which collects statistics about all the producers and so on and does publish them, shouldn't be forced to give out details of what Company X is doing in order to cut its costs, in order to be a better competitor to Company Y and so on. So, you know, you can go through a certain number of exceptions like that until you reach the number six and then number seven... Number seven is the one that you usually have an argument about. It's the right to keep secret recommendations by officials to their minister. If my deputy minister tell's me:

"Look you're negotiating with say the Province of Alberta on oil and I think you are silly to guess that they could increase the price of one dollar because if you do that it can have a terrible effect on inflation. And you know, I know Alberta wants another dollar, but we just can't afford it at this time to add that much to the inflationary bill." Now, much of the argument about the freedom of information is: Ah, ah, we want to see on what basis the government made this decision. We want to see what advice we received. And our argument is that well if I want to make this document by a deputy minister public, I would only do it once because the next time around he would write me a nice piece you know: "Mr. Minister, on the one hand if you increase the price of oil you'll have this advantage because Alberta and on the other hand..." and he won't give me his.....so.....that's number seven.

Q. Two questions, one covering fishing rights and the fact that Canada has established a 200 mile fishing zone, and I would like to know what is Canada's position towards other nations who have fished within the zone. Are they going for some preferential system or on a reciprocity basis?

A. Well, our position, you know, we only extended our territorial sea to 12 miles, within the life of my government about six or seven years ago. But there has been an increasing pressure to go to the 200 mile not territorial sea but economic zone and management zone and we saw it coming and because of the problem that you just pointed out, we were always on the side at the Law of the Sea of those who said you know we have to establish this new international law by consensus. We don't have the gun-boats for one thing to impose it on other nations and we were one of those who are always attempting to get other countries to accept this concept of a 200-mile economic zone. But then, right and left, countries began proclaiming unilaterally the 200-mile economic zone, beginning I believe with Norway, no beginning with some South American countries

and finally across to Mexico and the United States who gave notice that they would go for the 200 mile... So we then said o.k. we'll go for the 200-mile economic zone. And now, how do we deal with those who have historical (quote, unquote) fishing rights in what used to be the high seas? And we dealt with them on a bilateral basis long before the 200-mile limit was proclaimed by Canada. We began, I think very wisely, and I say this with credit to our previous Ministers of Fisheries and External Affairs to negotiate bilaterally with all the countries that traditionally had fished either in the Gulf behind our fisheries closing lines or in the Strait of Juan de Fuca or on the high seas 200 miles out. And we have successfully concluded treaties with all of them. Getting them to accept the concept of management. In other words, we just didn't say to them "200 miles only Canadians can fish there and anyone else

comes in we'll blow them out of the water". A, we couldn't do it; B, we didn't want to do it because international law was changing and they had fished there for hundreds of years -- the Portuguese, or the Spaniards, or the Norwegians, and so on. So we negotiated with them the acceptance of Canada's right to manage this resource, for the benefit of all. And naturally giving priority to our own needs both of our fishermen and our consumers. We will manage the resource in a way that there will be enough for everybody forever, which won't happen if everybody continues just raking the seas clean of all their stocks. So in this way, bilaterally, peacefully, we've signed treaties with every one I think of the seven major countries which had historical fishing rights on our East coast. On our West coast, we've done it with the Russians, the Americans, we have bilateral rights there and I'm not quite sure if we finished negotiations with the Japanese, but this is the way we've proceeded.

Q. One of the proposals for resolving or attempting to ameliorate the Rhodesian and South African situations is to induce or assist some of the Rhodesian white citizens to emigrate

to other countries. One of the proposals has been that Canada and the United States accept fairly large number of white Rhodesians. What would be your response to Canada accepting 30 to 40,000 of white Rhodesian immigrants?

A. Well I'd have two levels of response to that. Both tending I think in the same direction. The first and perhaps the more superficial answer is to say well if they are racists why should we take them? If they can't have or elect a government which is prepared to recognize majority rule, do we really want them in Canada? I admit that's a rather superficial answer. It has some justification in the sense that we don't particularly go out of our way to encourage people to immigrate to Canada who don't believe in concepts of equality. But the more important answer and it's in line with the answer I gave to the first question, we hope history won't go in that direction that the whites will have to leave in any massive sense from Rhodesia, and that's why we'd rather see a negotiated settlement, than a settlement through violence and war, and terrorism. And if the Rhodesian problem is not solved by peaceful means through negotiation, it means what? It means that there is going to be a very long and difficult fight over Rhodesian territory. Because the Africans are not going to give up. They have been asking for this for a long while. It's unified them and they will get more and more external aid. Who knows who will be the next Cuba to help the Africans. So the Africans are not going to give up. And I don't know the Rhodesians, but I at least say this in their defence that they seem to me like some pretty tough minded people.

Q. With all due respect. It seems to me you are potentially condemning.... Well first of all not all Rhodesians presumably are racist particularly not the ones who are trying to leave now and who see the handwriting on the wall. And secondly, it seems to me you are potentially condemning those people in the same way the Jews were condemned in World War Two.

You may in fact be leaving them to die, certainly if that's the response of all the western nations.

A. Well, I'm afraid you'll have to let me finish making my point. And you can disagree. But you know...(Break in Tape).. If there is total war in Rhodesia, and my argument is that there is a lot of tough whites there, that they've had that land for generations and they are not going to be pushed out. So, what will happen will be some kind of a total war and there will be desert created in Rhodesia. You know... they'll destroy the land and destroy the resources, they'll destroy the whites who are the people now who provide the superstructure and who will be needed after Zimbabwe becomes a country in order to help run the country.

Now, this to me is the sensible solution, for the blacks and whites to live together under majority rule, and that the whites not be forced to leave. And this also has importance in the sense of what will happen in South Africa. If Rhodesia is settled only by violence and the country is destroyed, well, for one thing it will be bad for the whites, they'll either be shot to pieces or they will run away leaving everything behind. But you know, the blacks are going to inherit a desert, and I don't think that's good for them.

Q. What do you feel you've accomplished (inaudible) in London?

A. What did I accomplish, what?

Q. In London.

A. Do you mean at the summit or at this Commonwealth Conference?

Q. At the summit. And, well, both I guess. (inaudible). ...disparity between the developed and developing nations.

And, what do you feel Canada's responsibility to other members of the Commonwealth and to other nations of the world who are developing.

A. Who are?

Q. Developing.

A. The less developed nations. Well, the summit had very substantial progress in many areas but its relation to the less developed nations was almost, well was a very large jump. I mean, the commitment there was to do everything in our power to make the North-South conference in Paris a success. And, countries which hitherto had rejected the idea of the common fund, who had been constantly cutting back on their foreign aid programs, reversed themselves. And the commitments here made by the Group of Eight to put a very very substantial package on the table. Now, I don't think we have time to go into details of it, but it means billions of dollars for the LDCs, and the agreement to look at structural changes in a very very positive way. So if that much was achieved well, to continue moving slowly towards the stated aim of .7 of GNP would be the percentage of foreign aid we would give to the less developed countries. Now, there's a lot of meat to be put on those bare bones, you know Canada's policy is essentially to help first the lesser of the less developed countries. We've just announced a couple of weeks ago, perhaps you haven't seen it, but we've just announced a debt-forgiveness of some 257 million dollars to the lesser of the less developed countries. Which is a step that Canada alone took. None of the other developed nations have seen their way fit yet, seen it possible for them to have a forgiveness of this size.

But, you know, I don't think you really want me to recite our virtuous conduct at the various food conferences and so on. By and large Canadians are reasonably generous, insofar as less developed nations are concerned. And this is recognized at the Commonwealth, and so explains in part the good name we have. But obviously we could be much more generous, if we were much more generous.

Q. (Inaudible) form of just society, and constitutional reform (inaudible) put a lot of emphasis on the changing attitudes. You spoke recently about attitudes have to change... (inaudible) tax and welfare reform... (inaudible) and various changes that you concentrated on have always been ideological in orientation. I was wondering, given that, you've been described as the most long lived of great believers in any democracy in the west at the moment. It's been a long time that you have been working towards these reforms. The question is twofold: How much do you think that political reform can accomplish ideological attitude changes and secondly, how much longer are you going to maintain your position to keep at those changes?

A. Two difficult questions. I don't think you are really asking me to give a dateline for either of those questions. How long does it take to change attitudes and values? And we've^{stated} quite clearly as you say when we brought in controls and so on...

Q. It's not what I had to ask. How much do you think good reform is able to change attitudes and values?

A. Well, on this I don't think my answer can be in other terms, in saying yes we're able somewhat. But we are not as able as though everyone else were sort of the same aim. In other words, the political society can be changed by laws and policies and administration

but obviously values which form up a consensus in the people can be changed by churches and by non-government organizations, and by universities and so on. I don't think that I can answer your question by saying, well, politics is the way to get people to change their basic values. It is for some people. For other people it might be the priesthood. For others it might be teaching a gang of students. I think many of the values of Canada of today have been changed almost in spite of politics. You know, I'm thinking of perhaps your generation, or people a little bit younger than you. At some point in the middle sixties, suddenly new values emerged. What was called various forms of subcultures: living on communes, saying that it's not the material wealth which is all that important; pollution suddenly became important to a lot of you, whereas until then, it was production which was important.

So, values change. I think political leaders have a role to play in anticipating those changes and guiding them, and sometimes in preaching them and promoting them. But I really can't give you any answer. It's like if you excuse the analogy, it's like the silent Peter had said to Christ, "well you know, you promised a just society. Do you think you will be able to do it? And if so, how long?" And if he'd said 2,000 years we'll have a just society, I think he would have been wrong. It takes time. But you never reach an absolute. You never say, you know, this is a good society. People are changing and that is what freedom is all about. And you have to adjust to the new reality. In the Fifteenth century we were trying to discover the world. You know, America, and Magellan was going around the world and so on. Darwin was discovering new species in the Pacific Islands. Now we've discovered the world. We know what it is and we are not trying to discover what's beyond. We even know what the atom is made of. But we're trying to discover what we do with our knowledge. We know that population growth is probably one of the greatest problems in the world today. It's not an

unknown, we know. There it is. And the problem is not to discover it, it's to know what to do with it. The same with pollution. The same thing with the exhaustion of resources. So naturally, since the problems are so different, the values needed to deal with them will be very different. And no political leader, or religious leader, or intellectual leader at any time can sort of say, I've got a goal and I'm going to reach it and then we'll have a perfect society. You know, by then the problem will be completely different. And, let me just give you one example, I suppose I'm going beyond my time in trying to get too many things in.

You know, we have entered the age of the welfare state and a period where the work ethic was still very prevalent, and the protestant ethic and so on. Suddenly we are saddled with a welfare state and a devil of a lot of people who don't believe in the work ethic any more. Unemployment insurance which used to be a great scheme when you would pay people insurance because they were unemployed and they were looking for a job. It's not so good a scheme when they say, well, I've been working here for a year and a half and I'd like to go skiing for a few weeks. You know, the law is still the same. It's the mentalities that have changed. Therefore, some other leaders want to find some better substitute to the welfare state or we'll have to recreate the work ethic, unless you're busy doing it yourselves, I'm not quite sure. Well, that didn't give my second answer, but it's just as good.

Q. Regretfully we must cut it short here. I'm sure most of us would love to go on all evening. I'm glad you could come on such sort notice and I'd like to thank Mr. Trudeau very sincerely for his readiness to meet with us like this on an informal basis, and for his willingness to answer questions with lucidity and with humour as well.

TRANSCRIPT OF THE PRIME MINISTER'S REMARKS
TO COMMUNITY PICNIC, CAMROSE, ALBERTA
JULY 9, 1977

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Mr. Deputy Mayor, ladies and gentlemen, Canadiens et Canadiennes. When I come into a crowd like this, and I think I could call it better a community than a crowd, and I see so many people who are happy to be together, to live in a community, when I see the welcome they extend to an outsider like myself, when I see everyone looking and sounding very happy, except perhaps a few crying babies -- and the crying babies are different than the cry babies. The crying babies have reasons to cry that we don't know of, the others are cry babies. There are not many of them in a community like this. Regardless of our ideas, of what we think about our own future, what makes the strength of a community like this and what makes it such a pleasant occasion for a person like myself to be here is that feeling of being at ease with one another which emerges from a meeting like this. And one has to ask oneself what makes people relatively happy, relatively satisfied. And I think it's two things which lead to that. The first is the feeling of each individual, of each person that he or she can fulfill himself or herself, that each person can do what he or she wants to do, preserve certain values, defend them, do certain kinds of jobs or work, live as though one were fulfilling one's true inner self. And that's the first thing which is important, to be happy. You're not happy if you feel that you can't realize your innermost goals, you can't fulfill yourself. And the second condition is to feel that you can contribute something to the others who are living around you, to be an active participant in the community. And there is no doubt that community feelings are stronger in an area like yours, in a city like Camrose with some 10,000 people I suppose, because you can visibly contribute to the building of that community, whether it be through the Chamber of Commerce, or the Knights of Columbus, or through the Air Club's

building an airport, or through the Boy Scouts, or women's groups, or whatever it is. You're feeling that you're not only fulfilling yourself but that you're helping other people fulfill themselves. And it's out of that that the sense of community grows and becomes strong and creates a happy group like we're seeing this morning. I suppose there is no better way to think of our country than the way of starting from these two principles. We live in a place because we feel free to do what we want as individual human beings. Free to realize one's potential strength, to fulfill one's ideals. And we live together in a community because we know that there're other people who also want to feel free and who also have goals and values and aspirations sometimes different from ours but generally the same. We live together because we feel that we can help others become free. And it's relatively easy, Mr. Deputy Mayor, in a town or city of your size. It's a little bit more difficult when you think of the province as a whole because it is so much larger than just Camrose and surrounding areas, but also because people tend to be different. You know, you even hear in a teasing way about rivalries between Calgary and Edmonton. There're just some 100 miles apart and yet they have their own particular feelings about their community. But when they think as Albertans, they transcend these particular local chauvanisms or vanities or even legitimate aspirations and they think of themselves as a larger community, the Albertans. And what is common to Albertans. So many of you which came in the last 75 years, either you or your fathers or grandfathers and grandmothers came from other parts of Canada, came indeed from distant parts of the world like Norway and Sweden or indeed many other parts of the globe. We came with all these different backgrounds and yet you're able to form a very harmonious, homogeneous community in Camrose, in Alberta, and I don't know if I can say in Canada. Because I don't think we've quite reached that yet. Because we haven't quite done what you've done here locally to make every person feel free to fulfill himself or herself, and you've not quite felt how you could contribute in a direct way to making your country strong. And this is no blame on any Canadian, but this is because we've been a happy nation. We've had a history of democracy, of liberty, of freedom, of great prosperity compared to most of the rest of the globe. And we've gotten along well with each other. The country was growing fast, from people from every land, but it was growing in a way which didn't create too many problems. Of course

there were some problems. There ~~were~~ economic problems, there still are. There were problems here in the settlement of the West. We just have to think of the Louis Riel rebellion. There were some incidents of violence in the past in British Columbia or Alberta, other parts of Canada, but you know it was just exceptional. We haven't at any point had to come together as a total community in Canada and to say we want this country as our country and we will build it this way together. Think of the Americans, they've had to do that a little more than 100 years ago through a great civil war. The country was spreading apart, they had to kill each other between Northerners and Southerners by hundreds and thousands so that their country would be born, so that they could, to use Abraham Lincoln's words "rededicate themselves to the Union." And they have done it a few times since -- not as dramatically as in the great civil war, but they've had to do it perhaps as a result of the Vietnam struggle. They've had to do it as a result of the desintegration of society between the black and the white people in the United States. They've had many challenges these Americans, these great neighbours of ours to the South, and they've had many occasions to answer these challenges, to rise above their differences and to mould their country in strength and in unity. In other words, they've been able to apply to the whole country **these principles of permitting** every individual whether he be black or white, whether he be a northerner or a southerner, an easterner or a westerner, English-speaking or Spanish-speaking -- there are some I think 20 million Spanish-speaking Americans now. They've been able to permit them, to get the feeling generally, with a great deal of exceptions, but generally that by and large each individual could seek to fulfill himself in this country of theirs and that they could all contribute in some way to the whole country. Well, we've been happy, we haven't had any civil wars, we haven't had any great strife or violence, we haven't had any external problems like Vietnam and therefore we haven't had to come together to consciously mould this country in its present and future goals. And in a sense that's our problem. Canadians are a bit bored with 110 years of peace and happiness. They are! Comme un historien français le disait au XIX^e siècle: "La France s'ennuyait d'une longue paix." Well, we're a bit bored with our country because Canadians are used to meeting challenges you see. Your fathers, your grandfathers and grandmothers came here in difficult times. They had to meet a hostile climate. They

had to fight against the elements. They had to scratch a living on some difficult parts of Canada and some which like this part is indeed a very wealthy land indeed. But there were hard times in the thirties. When the Province of Alberta went broke, it was bust, didn't have any more money and the people from the Maritimes were sending fish out here to help, free fish to help the people who were hungry. You know, they had to fight, your fathers and mothers, in the 1930's. They've had challenges to overcome. But nowadays, we haven't had many challenges. Alberta is a pretty rich province. Camrose in spite of your needs, Mr. Deputy Mayor, Camrose doesn't look like such a bad place. Now the moral of all this is very simple. It's not to create difficulties for ourselves so that we can show that we can overcome, but it's to realize that we have challenges which meet us, economic challenges of very real proportion, unemployment, inflation, the disparity between provinces and even within provinces of regions, the fact that Alberta has some resources that other provinces don't, the fact that other parts of Canada have tariffs to protect them whereas you don't, there are real economic difficulties to meet and indeed it's our duty as citizens of this country to form our national will in meeting these difficulties. And this is what we have a chance of doing -- some of you may not like it, maybe there are a lot of you who don't like it -- but when we brought in the controls program in October of 1975, we sort of called out to Canadians and **said: Look, this is our chance.** We've got double-digit inflation, we can bring it down if we want, if we co-operate. And we tried to get a little bit of voluntary co-operation but people said: No, no, we want to know the rules. So we passed some rules called the Anti-inflation Law and the Anti-inflation Board, and Canadians have responded to this challenge. Sure there is a lot of people who think that it could be better, it could be different, but we did bring inflation down from about 11 per cent to something around 6½ or 7 per cent, in a year, a year and a half. Well, it's not the government that did that, it's not even Mr. Pepin and the Anti-inflation Board that did that. It's the people of Canada who did that by saying well these laws they are a bit annoying. It's like paying your taxes. We don't like to be told how much we can bargain for, what our profits should be, but we'll obey this law because we know it's in the general interest. And out of a thing like that you suddenly realize that Canadians are responding to a challenge and responding to it in a positive way. Well, the same thing

with the problem you were talking about, Mr. Deputy Mayor, the problem of national unity. You know, until the November election in Quebec, there was nobody who was really challenging the existence of this country. We couldn't conceive particularly you out here, couldn't conceive that people would be so extreme as to want to split this incredibly great, beautiful, rich and free country. We couldn't conceive of it. Why? Because we didn't understand what was going on in that distant province of Quebec. Simply, the people there like the people of Alberta simply want to do these two things: to fulfill themselves as individuals and to contribute to the growth of their community. Now the only question you have to ask is what is their community, is it Quebec or is it all of Canada? A very simple question and I leave you to think about the answer in the weeks and months and years to come. Because to contribute to someone else's freedom, to contribute to the whole community you have to begin by understanding -- that's what you do around here. I mean you disagree with somebody, you just don't fight them, you say "Well, now what's wrong, why do we disagree? Let's try and understand the other person better". And you do that. Well, this is all we have to do in Canada. To try and understand each other better, and to remember that when you in Alberta are helping in a very, very real way the rest of Canada by selling to it your petroleum, your oil, your gas, at prices which are lesser than world prices, remember when you're doing this very real sacrifice in terms of your provincial wealth, you're doing something not very different from what the rest of Canada did back in the 1930's when you were bankrupt and they said: Well, what can we do to help? And some of the provinces and the Federal Government took you out of bankruptcy. That's all we have to do in our country: Try and understand the other point of view. And I was surprised that I feel it's fortunate that as I came through this crowd at least I'd say 20 or 25 people spoke to me in French. I asked them where do you come from, d'où est-ce que vous venez? Ah, on vient d'ici, on vient de pas loin, c'est à côté, on est à trente milles, on est venu vous voir. You've got some with you, some people who come (applause), some people who came to Alberta in the last ten, twenty years, but many who came thirty and forty and fifty years ago, who came here because they thought it was a beautiful place and because they knew that they could have freedom, they knew that

they could express themselves, they knew that they could contribute to the country. Well, this is your job much more than it's the government. Governments can do some things: pass laws as in the case of the Anti-inflation Act; pass laws as in the case of our Official Languages Policy; have developmental grants as Jack Horner announced yesterday, designating the northern part of the Province as a place which would benefit from developmental grants from the Federal Government, not because Alberta isn't rich but because there are some areas in Alberta which are not as rich as others, and it's our job to understand that and to help. Now that's why I'm so happy to have Jack Horner in our Party, in our Cabinet. Not because we won't ever disagree and especially not because we never have disagreed. We have disagreed of course. And the people of Alberta have disagreed with me and with our government in the past. And we haven't exactly voted for each other in great droves, but we haven't been mad at each other. We've tried to understand each other. And I know perhaps you think it's easier for me to understand you than you to understand me, but you know each one has his own point of view. Now that's what Jack Horner is all about. Jack Horner comes into our party and comes into the government and he says: "Look, I want you to understand these people in Alberta, particularly the rural areas of Alberta. And I will do that job." And I say: "Well, look we need somebody to do that job. Maybe some day we'll disagree; maybe some day, we'll fall apart." I don't think so, but maybe we will. But the important thing is that right now, he is helping us in Ottawa to understand a little better not just your economic needs or your social needs or your local needs but understand better an important part of Canada. Now if Jack and I could do it, you can do it with Quebec.

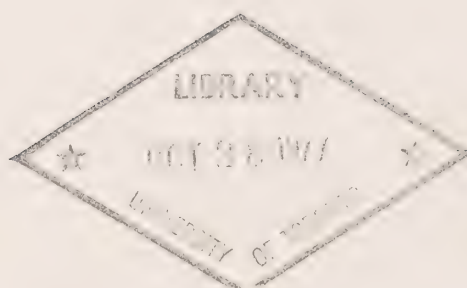


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September 9 1977
le 9 septembre 1977

The Prime Minister sent the following letters to
Premiers Bennett, Lougheed, Blakeney, Schreyer, Davis, Regan,
Hatfield, Campbell, Moores and Levesque, September 2, 1977

Le Premier ministre a envoyé les lettres suivantes aux Premiers ministres
Bennett, Lougheed, Blakeney, Schreyer, Davis, Regan, Hatfield,
Campbell, Moores et Lévesque, le 2 septembre 1977



Sent to Premier Moores, Campbell, Hatfield, Regan,
Davis, Schreyer, Blakeney, and Bennett.

OTTAWA, K1A 0A2,
September 2, 1977.

My dear Premier:

I was very pleased to learn of the "Statement on Language" approved at the meeting of the Premiers at St. Andrews, New Brunswick, late last month. I am aware that substantial progress has been made in the last few years in the predominantly English-speaking provinces to provide education in French to the francophone minorities resident in them. However, your declaration of principle at St. Andrews is an additional step that is historic in character and outstanding in importance. It is the first time that provinces have formally subscribed to a common statement of intention to "make their best efforts to provide education in English and French wherever numbers warrant". It constitutes an important step toward the achievement of unity in Canada, a unity which must rest on equality in treatment for the citizens of our two linguistic communities.

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The Honourable Peter Lougheed, Q.C.
Premier of Alberta,
Legislative Building,
EDMONTON, Alberta.
T5K 2B7

I am writing to you because, given the singular importance to the unity of Canada of the principle that underlies this common statement of intention, it seems to me highly desirable to give permanence and certainty to it. That could be done by inscribing the principle it involves as a statement of right in the Constitution of Canada. As was contemplated at Victoria in 1971, we could write into the Constitution a "Bill of Rights" of which a provision to give constitutional form to the St. Andrews' "Statement" would form a part. It would require careful consideration to establish the entire content of a suitable and complete "Bill of Rights" for Canadians, but I see no reason why a start could not be made now by establishing in our Constitution a right in relation to language of education based on the declaration of principle and intention that emerged from St. Andrews.

As you know from the statement on language policy that was issued in June, the preference of the federal Government would be to have the constitutional right established in terms of the official language of choice. This could be done by inscribing in the Constitution a provision recognizing and declaring that, in Canada, every Canadian parent has the right to have his or her children receive their schooling in the official language of the parent's choice, wherever the numbers of children for whom one or the other official language is chosen warrant the provision of the necessary facilities. We realize that such a provision could cause difficulties in Quebec at this time but I hope it would be acceptable in all other provinces.

If the present Government of Quebec felt that, in current circumstances, it could not go as far as I have indicated above, I would hope we could find a way to meet its concerns, while still leaving the way open for future acceptance of the guarantee

of freedom of choice. I believe you will be interested in reading the attached copy of the letter that I have today sent to the Premier of Quebec, which sets forth certain proposals in this regard.

As stated in my letter to Premier Lévesque, I would hope that, over time, the Government of Quebec will come to perceive a new sense of collective security about the development of the French language and culture, and that it will then become possible for the Government of Quebec to accept the general guarantee. I would propose, therefore, that any provision for Quebec should be such that there could be "opting in" to the general guarantee when the province feels that this is possible.

In all of this, I emphasize that the federal Government recognizes that education is a matter of provincial jurisdiction. Inscription of this basic right of the citizen in the Constitution in the manner of a Bill of Rights provision would make the right enforceable by the citizen in the courts. Such a provision would give no powers whatever to the Parliament or Government of Canada. It would, rather, constitute a guarantee that the right of the citizen could not be limited or taken away by any legislature or any government; on the contrary, the right would have to be established where it does not now exist. In short, it would be a protection of the citizen against government at all levels and a guarantee of the right to education of his or her children in one of the official languages.

If the Premiers are in favour of a constitutional provision along the lines I have suggested, I would like to propose that discussions

be undertaken at an early point to determine the best form of the constitutional guarantee and how action might be taken on it at the earliest possible date. I realize that Premier Lévesque did not subscribe to the St. Andrews' "Statement". He did, however, apparently express a desire to see provision made for language of education in a manner that would be certain and have a guarantee of enduring. While a constitutional guarantee is not the form that he had in mind for the establishment of educational rights, it is the surest and most permanent way of achieving the main elements of what he had hoped to achieve through bilateral agreements. I am hopeful, therefore, that he may be prepared to have the Government of Quebec join in consideration of a constitutional provision along the lines I have proposed.

May I congratulate you on your own participation in the St. Andrews' "Statement" and on the approval that you personally gave to it. I look forward to hearing your views about the desirability of taking the final step of giving appropriate constitutional form to this important undertaking.

Because of the importance of this matter to all Canadians, I plan to release my letters to the press within the next few days.

Sincerely,

Original signé par le Fr.
Original signed by the Fr.

Enc.

Premiers ministres Moores, Campbell, Hatfield, Regan,
is, Schreyer, Blakeney, Bennett.

(Traduction)

LE PREMIER MINISTRE

Ottawa, K1A 0A2
le 2 septembre 1977

Monsieur le Premier ministre,

J'ai été très heureux d'apprendre que les premiers ministres provinciaux ont approuvé à la fin du mois dernier, à l'occasion de leur rencontre à St. Andrews (Nouveau-Brunswick), une "déclaration sur la langue". Je sais que de réels progrès ont été accomplis ces dernières années dans les provinces à majorité anglophone en vue de fournir aux minorités francophones qui y habitent l'enseignement en français. La déclaration de principes de St. Andrews s'inscrit donc dans ce cadre comme une étape historique et d'importance exceptionnelle. C'est en effet la première fois que les provinces conviennent officiellement d'une déclaration commune d'intention "de faire tout en leur possible pour fournir l'enseignement en anglais et en français partout où l'importance de la population le permet". Cela constitue un important pas vers la réalisation de l'unité canadienne, unité qui doit reposer sur l'égalité de traitement des citoyens de nos deux collectivités linguistiques.

L'honorable Peter Lougheed, c.r.
Premier ministre de l'Alberta
Edifice Parlementaire
Edmonton, Alberta
T5K 2B7

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Vu l'importance toute particulière de l'unité canadienne et du principe qui sous-tend cette déclaration commune d'intention, j'ai cru bon vous écrire, car il me semble hautement désirable de lui donner toute la permanence et la certitude voulues. Cela pourrait se faire en insérant le principe dans la Constitution du Canada, sous la forme d'une disposition faisant partie intégrante de la "déclaration des droits", dont nous avions déjà envisagé l'existence à Victoria, en 1971. Il y aura évidemment lieu d'étudier avec une attention minutieuse la teneur intégrale d'une "déclaration des droits" appropriée et globale à l'intention des Canadiens, mais je ne vois aucune raison qui nous empêche d'amorcer dès maintenant le processus en établissant, dans notre Constitution, un droit relativement à la langue d'enseignement, fondé sur la déclaration de principe et d'intention à laquelle les parties présentes en sont arrivées à St. Andrews.

Vous aurez compris, en prenant connaissance de la déclaration sur la politique linguistique rendue publique en juin, que le gouvernement fédéral préférerait que ce droit soit inscrit dans la Constitution comme étant celui de la langue officielle choisie. Cela pourrait se faire au moyen d'une disposition reconnaissant et déclarant que, au Canada, chaque parent canadien a le droit d'exiger de faire instruire ses enfants dans la langue officielle de son choix, partout où la mise en place des aménagements requis se justifie par le nombre des enfants en faveur desquels cette langue a été choisie. Nous nous rendons compte qu'une telle disposition pourrait entraîner des difficultés au Québec en ce moment, mais j'espère qu'elle s'avérera acceptable dans toutes les autres provinces.

Si le gouvernement actuel du Québec estimait que, pour l'instant, il ne peut nous emboîter entièrement le pas, j'espère néanmoins que nous pourrions en arriver à trouver le moyen de répondre à ses préoccupations tout en nous ménageant la possibilité

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de voir ultérieurement acceptée la garantie de la liberté de choix. Je crois que la lecture de la lettre ci-jointe, que j'ai aujourd'hui envoyée au premier ministre du Québec et dans laquelle j'avance certaines propositions à cet égard, vous intéressera.

Comme je le disais dans ma lettre au premier ministre Lévesque, j'espère que, à la longue, le gouvernement du Québec finira par percevoir dans la collectivité un nouveau sentiment de sécurité au sujet de l'épanouissement de la langue et la culture françaises et qu'il lui sera alors possible d'accepter cette garantie générale lorsqu'elle jugera la chose possible.

Il va sans dire, et j'insiste là-dessus, que le gouvernement fédéral reconnaît en l'occurrence que l'enseignement est de compétence provinciale. L'inclusion de ce droit fondamental du citoyen dans la Constitution, à la façon d'une disposition de la déclaration des droits, permettrait de le faire respecter devant les tribunaux. Une telle disposition ne donnerait aucun pouvoir ni au Parlement ni au gouvernement du Canada. Plus précisément, ce serait une garantie que le droit du citoyen ne sera ni limité ni aliéné par aucune assemblée législative ou un quelconque gouvernement; bien au contraire, ce droit devra être établi là où il n'existe pas encore. Bref, la disposition protégerait le citoyen contre le gouvernement, à tous les niveaux, et garantirait le droit de tout citoyen de faire instruire ses enfants dans la langue officielle de son choix.

Si les premiers ministres sont favorables à l'insertion, dans la Constitution, d'une disposition énoncée dans les termes que j'ai proposés, j'aimerais que nous entamions bientôt des discussions afin de déterminer quelle serait la meilleure forme de garantie constitutionnelle et, le plus tôt possible par la suite,

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quelles mesures nous pourrions prendre à son égard. Je sais fort bien que le premier ministre Lévesque n'a pas adhéré à la "déclaration" de St. Andrews. Il semble toutefois avoir exprimé le désir de voir une telle disposition touchant la langue d'enseignement être stipulée d'une façon telle qu'elle serait sûre et aurait un caractère permanent. Une garantie insérée dans la Constitution n'est pas ce qu'il envisagerait pour la confirmation des droits relatifs à l'enseignement, mais elle est le moyen le plus sûr et le plus permanent de concrétiser les principaux éléments de l'objectif qu'il avait espéré atteindre au moyen d'accords réciproques. J'espère donc qu'il pourra être prêt à prier le gouvernement du Québec de se joindre à nous pour étudier la possibilité d'une disposition constitutionnelle inspirée de ma proposition.

Je me permets avant de terminer de vous féliciter de votre participation à la "déclaration" de St. Andrews et de l'approbation personnelle que vous lui avez donnée. J'ai hâte de connaître votre sentiment sur les raisons qui militent en faveur de cette mesure finale, laquelle donnerait une forme constitutionnelle appropriée à cette grande entreprise. Vu l'importance de cette question aux yeux de tous les Canadiens, j'ai l'intention de publier mes lettres ces jours-ci.

Je vous prie d'agréer, Monsieur le Premier ministre, l'assurance de ma haute considération.

signé: P.E. Trudeau

OTTAWA, K1A 0A2,
Le 2 septembre 1977

Monsieur le Premier Ministre,

J'avais pris beaucoup d'intérêt aux discussions qui ont eu lieu à la Conférence des Premiers ministres, à St. Andrews, au sujet de la langue d'enseignement. Je sais que le résultat de ces entretiens vous a pas mal déçu et que vous n'avez pas souscrit formellement à la déclaration au sujet de la langue. Pourtant, cette déclaration représente un progrès très réel aux yeux de quiconque souhaite, comme vous le souhaitez, que l'enseignement en français soit assuré non seulement aux minorités francophones des provinces autres que le Québec, mais aussi aux Québécois francophones qui vont s'installer dans ces provinces. La presse laissait entendre que vous vous y êtes opposé parce que vous n'y trouviez ni assurance de mise en oeuvre ni garantie de permanence. On pourrait remédier à ces lacunes au moyen de mesures appropriées d'ordre constitutionnel et c'est pour vous proposer de procéder ainsi que je vous écris, de même qu'à vos homologues des autres provinces.

Je n'oublie certes pas que l'objectif déclaré du parti que vous dirigez est de détacher le Québec du reste du Canada et que, dans cette perspective, l'idée d'une révision de notre Constitution en vue de

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L'Honorable René Lévesque
Premier Ministre du Québec
Hôtel du Gouvernement
QUEBEC (Québec)
G1A 1A2

faire du Canada un pays meilleur risque de paraître incompatible avec cette politique. Toutefois, vous avez fait savoir sans équivoque que pour vous la séparation du Québec dépendait de l'approbation qu'elle recevrait lors d'un référendum. Ce référendum n'a pas eu lieu. Peut-être appuiera-t-il l'idée de la séparation, et peut-être ne l'appuiera-t-il pas. Quoi qu'il arrive, il est évident que les problèmes relatifs à la langue d'enseignement continueront de nous hanter à moins qu'une solution équitable et raisonnable ne leur soit trouvée. Puisque l'hypothèse d'une solution par le truchement d'accords bilatéraux s'est révélée inacceptable aux autres provinces, une garantie constitutionnelle consacrée le plus tôt possible représente une option de rechange précieuse et importante pour l'entière collectivité francophone du Canada. Toute garantie acceptable s'appliquerait, bien entendu, à la collectivité anglophone du Québec, et je me rends bien compte des difficultés que ceci représente pour votre gouvernement. Je crois pourtant qu'il est possible de formuler une telle garantie de manière à surmonter ces difficultés.

Je propose qu'on inscrive dans la Constitution un droit relatif à la langue d'enseignement qui soit basé sur la déclaration de principe et sur vos objectifs exprimés à St. Andrews. Quant à vous, vous pourriez considérer un tel droit comme une mesure isolée qui ne lie le Québec qu'aussi longtemps que celui-ci fait partie de la Confédération; quant à nous, nous pourrions le considérer comme partie intégrante d'une "Charte des droits" complète, à être formulée ultérieurement.

Le Gouvernement fédéral, comme vous le savez par sa déclaration de juin dernier sur la politique linguistique, préférerait que la garantie constitutionnelle octroyée à tout Canadien porte sur la langue officielle de son choix. Cela pourrait se faire en inscrivant dans la Constitution une clause qui reconnaîtrait et déclarerait qu'au Canada tout Canadien a le droit de faire instruire ses enfants dans la langue officielle de son choix, partout où la mise en place des aménagements requis se justifie par le nombre des enfants en faveur desquels cette langue

d'instruction a été choisie. Nous espérons qu'une telle clause agréerait aux provinces qui ont souscrit à la déclaration de St. Andrews; mais nous reconnaissons qu'elle pourrait en ce moment soulever des difficultés pour votre gouvernement.

Si le gouvernement du Québec voit là un obstacle, on pourrait envisager la possibilité d'inscrire cette obligation dans la Constitution sous une forme qui lierait les neuf autres provinces. Pour ce qui est du Québec, si votre gouvernement était d'avis que la garantie doit être établie sur la même base que votre loi récemment adoptée, la garantie constitutionnelle serait fondée sur la langue -- le français ou l'anglais -- dans laquelle l'un ou l'autre des parents a reçu son instruction.

Cependant, en formulant cette proposition, je me garde d'oublier que l'un des problèmes les plus difficiles dont votre gouvernement ait cru devoir se préoccuper, dans ses récentes mesures législatives concernant l'éducation, était la question de l'éducation au Québec des enfants dont les parents ont reçu leur instruction dans une langue autre que le français et l'anglais. Comme je l'ai déjà mentionné, la très nette préférence du Gouvernement du Canada à cet égard est de permettre l'entière liberté de choix, et nous rejetons absolument la façon dont votre loi traite ce problème. Néanmoins, dans l'intérêt d'un objectif si important pour tous les Canadiens, nous sommes disposés à admettre, encore qu'à contrecoeur, que, pour régler ce problème il puisse être nécessaire de s'accommoder d'arrangements différents de ce que nous préférons. Nous serions prêts, bien entendu, à chercher avec votre gouvernement la meilleure manière d'en arriver à de tels arrangements. Au cours d'éventuelles discussions nous souhaiterions aussi proposer que, quelle que puisse être sa formulation, la garantie stipulerait que les enfants qui s'installeraient au Québec en provenance de toute autre province pourraient continuer leurs études dans la langue officielle à laquelle ils sont habitués, tout comme les enfants francophones du Québec qui s'installeraient dans n'importe quelle autre province pourraient continuer leurs études en français.

Bien que votre gouvernement exigerait à peu près certainement en ce moment un genre spécial de garantie pour le Québec, j'ose espérer qu'avec le temps il finira par percevoir un nouveau sentiment de sécurité collective au sujet de l'épanouissement de la langue et de la culture françaises et qu'il lui sera alors possible d'accepter la garantie générale que nous proposons aux autres provinces. Je propose donc que la proposition concernant le Québec soit formulée de manière que cette province puisse opter en faveur de la garantie générale lorsqu'elle le jugera possible.

La consécration de ce droit fondamental dans la Constitution sous forme de clause d'une "Charte des droits" permettrait à tout citoyen de recourir aux tribunaux pour faire respecter ce droit. Pareille disposition ne conférerait absolument aucun pouvoir au Parlement ou au Gouvernement du Canada. Elle constituerait plutôt une garantie à l'effet qu'aucune assemblée législative ni aucun gouvernement, ne pourrait ni limiter ni abolir ce droit; au contraire, ce droit devrait être établi là où il n'existe pas encore. Bref, cette formule protégerait le citoyen à tous les niveaux de gouvernement et lui assurerait le droit de faire instruire ses enfants dans la langue officielle de son choix - sans délai dans le cas de neuf provinces et, éventuellement, je l'espère, dans celui du Québec. Entre-temps, l'instruction des enfants dans la langue officielle qui a été la langue d'enseignement de l'un ou l'autre de leurs parents serait garantie au Québec.

Si nous mettions en place ces garanties constitutionnelles de la manière que je viens de décrire il en résulterait, me semble-t-il, que l'essentiel de ce que visait votre intervention de St. Andrews serait accompli et mis en oeuvre. Les jeunes francophones du Québec qui iraient s'installer dans les autres provinces pourraient poursuivre leurs études en français partout où se justifierait la mise en place des aménagements requis. Les jeunes anglophones des autres provinces qui iraient s'installer

au Québec pourraient, de même, continuer à s'instruire dans leur propre langue. La faculté du Québec de limiter l'accès des autres catégories de personnes aux écoles anglaises serait maintenue dans le cadre de la Constitution actuelle aussi longtemps que le gouvernement québécois le jugerait nécessaire.

Les nouvelles dispositions que je propose jouiraient de la confirmation constitutionnelle; elles ne consisteraient pas, comme vous le craignez, en une simple expression verbale de bonnes intentions. De plus, il n'y aurait de la part du Parlement ou du Gouvernement fédéral absolument aucune intervention dans le domaine de l'éducation: le Gouvernement fédéral reconnaît que l'éducation relève de la juridiction provinciale.

Si les Premiers ministres des autres provinces et vous-même étiez en faveur d'une mesure d'ordre constitutionnel comme celle que j'envisage, je proposerais que des discussions soient bientôt amorcées pour convenir de la meilleure façon de formuler cette garantie constitutionnelle et de la mettre en oeuvre.

J'espère que vous prendrez cette proposition en sérieuse considération. Vous et moi, tout comme les deux partis que nous dirigeons, nous avons des vues différentes quant aux solutions que nous envisageons à certains de nos problèmes. Je veux croire que nos vues ne diffèrent pas sur le fait qu'il convient d'assurer aux résidents de chaque province canadienne, pour le présent et pour l'avenir, et par n'importe quel moyen efficace et pratique, toute la justice et toute l'équité possibles. Ce que je propose donnerait une suite durable à une déclaration de principe et d'intention susceptible d'avoir, d'un bout à l'autre du pays, des effets profonds sur l'existence de milliers d'enfants de la génération actuelle et des générations à venir.

- 6 -

Vous trouverez sous ce pli copie de la lettre, sur le même sujet, que j'adresse aux autres Premiers ministres, à qui je fais tenir en même temps un double de la présente. Vu l'importance de cette question aux yeux de tous les Canadiens, j'ai l'intention de publier ces deux lettres ces jours-ci.

Je vous prie, Monsieur le Premier Ministre, d'agréer l'assurance de ma haute considération.

Original signé par le Premier ministre
Original signed by the Prime Minister

(Translation)

OTTAWA, K1A 0A2,
September 2, 1977.

My dear Premier:

I followed with much interest the reports of the discussion at the meeting of the Premiers at St. Andrews concerning the language of education. I realize that the result was not precisely the one for which you hoped and that you did not formally subscribe to the "Statement on Language" that was issued. The "Statement" is, however, a very positive step for anyone who is interested, as I know you are, in ensuring that education is available in French not only to the francophone minorities in provinces other than Quebec but also to francophone Québécois who go to other provinces. You are reported in the press as having criticized the "Statement" because there is nothing in it to provide any certainty of implementation or any guarantee of permanence. These deficiencies could be met by appropriate constitutional provision and it is to suggest that this be done that I am writing to you and the other Premiers today.

. . . 2

The Honourable René Lévesque,
Premier of Quebec,
Parliament Buildings,
QUEBEC, Quebec,
G1A 1A2.

I am, of course, aware that the publicly stated objective of the party you head is to achieve the separation of Quebec from Canada and that, in that context, revision of our Constitution to make for a better Canada could appear to be inconsistent with that policy. You have made it clear, however, that, in your view, separation is dependent on approval of it in a referendum. That referendum has not been held. It may or may not support separation. Whatever happens, the problems of languages of education are certain to remain with us unless some just and reasonable solution to those problems can be found. Since a possible line of solution through bilateral agreements has not been considered acceptable by the other provinces, a constitutional guarantee, established as soon as possible, is an alternative course that would be valuable and important for the whole of the francophone community in Canada. Whatever guarantee was acceptable would, of course, apply to the anglophone community in Quebec and I am well aware of the difficulties this involves for your government. Nevertheless, I am confident that those difficulties can be met by an appropriately framed guarantee.

What is proposed is to inscribe in the Constitution a right in relation to language of education based on the declaration of principle and your own stated objectives that emerged from St. Andrews. On the one hand, you could regard such a right as an isolated provision binding on Quebec only so long as Quebec remains within the Canadian federation; on the other, we could regard it as a part of a total Bill of Rights that would be worked out later.

As you know from the statement on language policy that was issued in June, the preference of the federal Government would be to have the constitutional right established in terms of the official language of choice. This could be done by inscribing in the Constitution a provision recognizing and declaring that, in Canada, every Canadian parent has the right to have his or her children receive their schooling in the official language of the parent's choice, wherever the numbers of children for whom one or the other official language is chosen warrant the provision of the necessary facilities. It is our hope that such a provision would be acceptable to the provinces which have adhered to the St. Andrews' "Statement", but we realize that it might cause difficulties for your government at the present time.

If the Government of Quebec feels that to be the case, one possibility would be to have the above-mentioned provision written into the Constitution in a form that would be binding on the other nine provinces. In the case of Quebec, if your government feels that the guarantee must be on the basis established in your recent legislation, the constitutional guarantee would be based on the language -- either French or English -- in which the parent has received his or her education.

In making this proposal, however, I am well aware that one of the most difficult problems that your government felt it had to deal with in its recent legislation on language of education was the question of the education of children in Quebec whose parents received their education in a language other than French or English. As already mentioned, the strong preference of the Government of Canada is to permit full freedom of choice, and we disagree fundamentally with your legislation in the way in which it deals with the problem. Nevertheless, in the interest of achieving an objective that is of such great importance to all Canadians, we are prepared to accept, with reluctance, the possible need for some arrangement for dealing with this problem that differs from our preferred policy

and we would of course be willing to discuss with your government how such an arrangement might best be achieved. In the course of those discussions, we would also wish to propose that, however the guarantee is framed, it would provide that children moving into Quebec from any other province would be able to pursue their education in the official language that they are in fact accustomed to use, just as French-speaking children moving from Quebec to any other province would be able to pursue their education in French.

While a special kind of guarantee for Quebec would almost certainly be demanded by your government for the shorter term, I would hope that, over time, the Government of Quebec will come to perceive a new sense of collective security about the development of the French language and culture and that it will then become possible for the Government of Quebec to accept the general guarantee which we are proposing to the other provinces. I would propose, therefore, that the provision for Quebec should be such that there could be "opting in" to the general guarantee when the province feels that this is possible.

Inscription of this basic right of the citizen in the Constitution in the manner of a Bill of Rights provision would make the right enforceable by the citizen in the courts. Such a provision would give no powers whatever to the Parliament or Government of Canada. It would, rather, constitute a guarantee that the right of the citizen could not be limited or taken away by any legislature or any government; on the contrary, this right would have to be established where it does not now exist. In short, it would be a protection of the citizen against government at all levels and a guarantee of the right to education of his or her children in the official language of choice - forthwith in nine provinces, and, I hope, at some future date in Quebec. In the interim, education of the children in the official language in which the parent was educated would be guaranteed in Quebec.

If constitutional guarantees were established in the above way, it seems to me that the result would be to achieve and to give force to very much the result for which you argued at St. Andrews. French-speaking children from Quebec going to the other provinces would be able to pursue their education in French wherever facilities could reasonably be made available. English-speaking children from the other provinces going to Quebec would similarly be able to pursue their education in their own language. The capacity of Quebec to limit access for other categories of people to English language schools could be preserved within the framework of the present Constitution so long as the Government of Quebec considers it necessary.

The new provisions that I propose would have constitutional certainty and not only the verbal expression of good intentions about which you were concerned. At the same time, there would be no intervention whatever by the federal Parliament or Government into the field of education: the federal Government recognizes that education is a matter of provincial jurisdiction.

If you and the other Premiers are in favour of a constitutional provision along the lines I have suggested, I would like to propose that discussions be undertaken at an early point to determine the best form of the constitutional guarantee and how action might be taken on it.

I hope you will give serious thought to this proposal. You and I, and the parties we lead, differ on the solutions to which we subscribe for some of our problems. I venture to hope that we do not differ as to the desirability of achieving in whatever way may be effective and practical the extension of justice and fair treatment, both now and in the future, to the people resident in all the provinces of Canada. What I am proposing would give an enduring result to a statement of principle and intention that can profoundly affect the lives of thousands of children, born and unborn, throughout this country.

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I am enclosing a copy of the letter on this subject that I am sending to the other first Ministers, and at the same time I am sending them a copy of this letter to you.

Sincerely,

Original signed by [illegible]
Original received by [illegible]



Office of
The Prime Minister

Cabinet du
Premier Ministre

Le 24 janvier 1978
January 24, 1978



Veillez trouver ci-joint le texte de la réponse du
Premier ministre à la lettre de Mme Brigitte Bardot
en date du 13 décembre, au sujet des bébés phoques.

Please find herewith the translation of the Prime
Minister's reply to Mme Brigitte Bardot's letter
of December 13, concerning the baby seals.



PRIME MINISTER · PREMIER MINISTRE

Ottawa K1A 0A2
le 19 janvier 1978

Madame,

J'ai bien reçu votre lettre ouverte du 13 décembre au sujet de la chasse au phoque. Je déplore moi aussi que nous n'ayons pu nous rencontrer l'an dernier, car si j'avais eu l'occasion de m'entretenir avec vous, mieux informée, vous n'auriez peut-être pas écrit la même lettre.

A mon avis, quand il s'agit de telles questions, où tant de facteurs psychologiques, zoologiques, économiques, sociaux, voire culturels, entrent en jeu, nous devons consulter les spécialistes. Il y a en effet d'innombrables phénomènes ou faits dont la réalité objective ne correspond pas toujours, loin de là, à l'émotion que leur spectacle, admirable ou fascinant, répugnant ou terrifiant, peut susciter. La meilleure ou la pire apparence ne propose pas nécessairement une évidence. Il faut se méfier.

Madame Brigitte Bardot
a/s Madame Olga Horstig
78, avenue des Champs-Élysées
75008, Paris
France

Or, que nous disent les scientifiques à propos du Phoque du Groenland et de sa chasse? Les naturalistes et vétérinaires envoyés sur les lieux sont unanimes au sujet de l'abattage: les phoques sont tués d'une façon plus expéditive et plus humaine que ne le sont la plupart des animaux domestiques dans tous les pays civilisés. La méthode utilisée les insensibilise instantanément. De plus, la chasse se déroule en présence de fonctionnaires du ministère des Pêches, de vétérinaires et de représentants des sociétés protectrices des animaux chargés de faire respecter la méthode d'abattage prescrite.

Evidemment, la scène sur la banquise n'est pas agréable à voir. Mais le sang des bêtes n'est pas plus beau sur les dalles des abattoirs ou dans les cours des fermes. Qu'il s'agisse surtout de très jeunes phoques bouleverse davantage les sensibilités. Presque tous les mammifères en bas âge nous attendrissent irrésistiblement.

Les adversaires de la chasse au Phoque du Groenland soutiennent que cette espèce est menacée d'extinction. Il n'en est rien: au deuxième rang des phocidés pour le nombre, l'espèce compte présentement 1,250,000 individus, ce qui lui donne une très ample marge de survie. Jacques Cousteau lui-même, autorité mondiale s'il en est une, partage cet avis. On a même scientifiquement établi que le contingent actuel d'abattage n'empêche pas l'espèce de se multiplier.

Devant ces faits incontestables, quelle va être l'attitude des autorités? Le Gouvernement sait que la situation économique des régions où habitent les pêcheurs qui se livrent à la chasse au phoque est très mauvaise. Pour la plupart de ces gens le produit de la chasse - peau, viande, graisse - constitue un précieux appoint à un revenu annuel extrêmement faible.

Bien entendu, je n'entends pas tout ramener à l'argent. Mais cette chasse qu'on déplore allège réellement un lourd fardeau de pauvreté, se pratique humainement et ne met pas l'espèce en danger. Quelle raison le Gouvernement pourrait-il alors invoquer pour bannir la chasse au phoque?

En somme, il faut élargir le contexte de la question sur le plan de l'histoire naturelle. Du plus bas au plus haut de l'échelle zoologique, la prédation est une fonction non seulement normale, mais aussi essentielle. Et l'homme est le suprême prédateur. Cette fonction est chez lui incomparablement plus complexe que chez les animaux et elle ne peut pas ne pas refléter les risques grandioses et terribles de l'évolution et de la vie humaines. La planète elle-même n'est-elle pas forcée de partager notre risque fondamental? La chasse, la pêche, l'élevage, la boucherie, sont globalement nécessaires à notre existence et comportent tous des risques à de nombreux points de vue. En chaque cas, notre devoir est de

répondre à ces nécessités aussi raisonnablement et humainement que possible, c'est-à-dire de façon à sauvegarder les équilibres naturels, comme ressources permanentes, et d'une manière qui ne porte pas atteinte à notre dignité humaine, quelles que soient les apparences, encore une fois.

Dans le cas qui nous occupe, c'est précisément ce que nous faisons. Le Phoque du Groenland aurait pu être menacé: nous le protégeons. Nous imposons en outre une certaine méthode d'abattage exempte de cruauté inutile et de quoi que ce soit de dégradant. Le coup de masse sur la banquise et le coup de merlin à l'abattoir ne sont certes pas des gestes tendres, mais, et voilà ce qui importe, ils sont radicalement insensibilisants.

Ce serait bien beau si aucune mort, fût-ce la plus douce, n'était indispensable à notre subsistance. Mais ce ne serait pas le même univers, la même nature, la même réalité.

Je vous prie, Madame, d'agréer mes respectueux hommages.



PRIME MINISTER · PREMIER MINISTRE

Ottawa K1A 0A2,

English Translation of the Prime Minister's
letter of January 19 to Brigitte Bardot regarding
the Seal Hunt

Madame,

Thank you for your open letter of December 13 concerning the seal hunt. I, too, am sorry that we could not meet last year, for if I had had the opportunity to speak with you and provide you with more accurate information, perhaps you would not have written such a letter.

When we are examining questions which involve so many psychological, zoological, economic, social and even cultural factors, it is necessary to consult the specialists. The outward appearance of a phenomenon may often elicit emotions which bear little relation to the hard facts. We must be careful, for what we may see on the surface is not necessarily a true indication of the situation.

Madame Brigitte Bardot
a/s Madame Olga Horstig
78, avenue des Champs-Élysées
57008 Paris
France

Just what do scientists tell us about the harp seal and the hunt? The animal pathologists, biologists and veterinarians who go to the hunt unanimously agree that the seals are killed in a more humane manner than most domestic animals in any civilized country. The method used renders the seal insensitive to pain instantly. Fisheries officials are present to guarantee humane practices, and these officials are accompanied by independent veterinarians and humane society representatives who help them ensure that the prescribed method of slaughter is followed.

Naturally, the scene on the ice floes is not pretty but we must remember that neither is the scene in slaughterhouses or farmyards. The fact that mainly young seals are involved is upsetting for it is seldom that we are not deeply touched by the sight of nearly all young animals in their natural habitat.

Those who are opposed to the harp seal hunt maintain that the species is in danger of extinction. There is no truth to this argument: the species is the second most numerous of the seal family and currently numbers approximately 1,250,000 animals, giving it a very wide margin for survival. Even Jacques Cousteau, a world authority if there ever was one, acknowledges this fact. Furthermore, it has been scientifically established that, at present catch levels, the harp seal population is actually increasing in number over previous years.

What attitude should the authorities take in view of these incontestable facts? The government knows that the economic situation is very bad in the regions where fishermen hunt seals. The skins, meat and fat obtained from the hunt are a vital means of supplementing their extremely low income. Of course, I do not want to reduce the entire issue to a matter of money. Nevertheless, the much-deplored hunt relieves a great deal of poverty, is carried out humanely, and does not endanger the species. This being the case, what possible reason could the government invoke to ban the seal hunt?

The question has to be examined in the broader context of the evolutionary process. Hunting is a normal and essential function of all creatures in the animal kingdom, and human beings are the supreme hunters. It is an infinitely more complex function for people than it is for other animals, and it, of necessity reflects the enormous and terrible dangers inherent in human life and evolution. Is not our very planet subject to such fundamental hazards? Hunting, fishing and rearing and killing animals are necessary for our existence, and these activities involve many and diverse risks. Our duty in every case is to meet these needs as intelligently and humanely as possible in a manner that safeguards the balance of nature's resources and does not reduce human dignity, despite what appearances might indicate.

This is exactly what we are doing in the case of the seal hunt. The harp seal could have been endangered, but we are protecting it. We are also enforcing a method of slaughter which eliminates any

unnecessary cruelty and degrading treatment. The blow delivered with a club on an ice floe or by a cleaver in the slaughter-house is certainly not a tender gesture, but in both cases the animal is made completely and instantly insensitive to pain.

It would be a fine world if we did not have to kill at all - not even painlessly - in order to survive, but then we would be discussing a different evolutionary process, a different universe and a different reality.

Yours sincerely,



OFFICE OF THE PRIME MINISTER • CABINET DU PREMIER MINISTRE

CORRESPONDENCE RELATING TO FIRST MINISTERS' CONFERENCE
OTTAWA, FEBRUARY 13-15, 1978
TABLED IN THE HOUSE OF COMMONS
BY THE PRIME MINISTER
FRIDAY, FEBRUARY 10, 1978

ECHANGE DE CORRESPONDANCE AU SUJET DE LA
CONFERENCE FEDERALE-PROVINCIALE D'OTTAWA,
DU 13 AU 15 FEVRIER 1978
DEPOSEE A LA CHAMBRE DES COMMUNES
PAR LE PREMIER MINISTRE
VENDREDI, LE 10 FEVRIER 1978

FEBRUARY 7, 1978

FROM: HENRY F. DAVIS

RE: FEDERAL-PROVINCIAL FIRST MINISTERS' CONFERENCE
FEBRUARY 13, 14 AND 15, 1978

FURTHER TO MY TELEX OF FEBRUARY 2ND, 1978, THE
CHAIRMAN HAS ASKED ME TO FORWARD TO YOU THE PROPOSED
AGENDA AGREED UPON BY THE FEDERAL-PROVINCIAL CONFERENCE
OF OFFICIALS HELD IN EDMONTON ON FEBRUARY 3RD AND 4TH,
1978, AS FOLLOWS:

PROPOSED AGENDA

- ITEM 1 - ECONOMIC OUTLOOK AND OBJECTIVES
- ITEM 2 - GENERAL ECONOMIC POLICIES
- ITEM 3 - REGIONAL ASPECTS OF ECONOMIC DEVELOPMENT
- ITEM 4 - SECTORAL POLICIES
- ITEM 5 - FOLLOW-UP ARRANGEMENTS.

THE PRIME MINISTER'S TELEX GIVES FURTHER DETAILED
INFORMATION REGARDING THE AGENDA AND WILL FOLLOW SHORTLY.

HOSPITALITY

THE HON. JEAN CHRETIEU AND THE HON. ALLAN MACLEACHEN
WILL GIVE DINNERS FOR ALL MINISTERS ATTENDING THE CONFERENCE
AT THE PARLIAMENTARY RESTAURANT ON TUESDAY EVENING,
FEBRUARY 14 (DRESS: INFORMAL). INVITATIONS TO THESE EVENTS
WILL BE INCLUDED IN THE PROVINCIAL MINISTERS' BRIEFING
MATERIAL WHICH WILL BE AVAILABLE FROM THE SECRETARIAT ON
MONDAY, FEBRUARY 12TH.

OPENING OF THE CONFERENCE

PLEASE NOTE THAT AS A RESULT OF THE AGREEMENT
BETWEEN GOVERNMENTS, THE OPENING OF THE CONFERENCE ON
MONDAY, FEBRUARY 13TH, HAS BEEN CHANGED FROM 9:30 A.M.
TO 9:00 A.M.

HENRY F. DAVIS

SECRETARY
CANADIAN INTERGOVERNMENTAL CONFERENCE SECRETARIAT

LE 7 FEVRIER 1978

A: L'HON. RENE LEVESQUE
PREMIER MINISTRE DE QUEBEC
HOTEL DU GOUVERNEMENT
QUEBEC (QUEBEC)

C.C.

M. ROBERT NORMAND
SOUS MINISTRE
AFFAIRES INTERGOUVERNEMENTALES

DE: HENRY F. DAVIS

OBJET: LA CONFERENCE FEDERALE-PROVINCIALE DES PREMIERS
MINISTRES, LES 13, 14 ET 15 FEVRIER 1978

1. SUITE A MON TELEX DU 2 FEVRIER 1978, LE PRESIDENT
ME PRIE DE VOUS TRANSMETTRE LE PROJET D'ORDRE DU JOUR
ADOPTE PAR LA CONFERENCE FEDERALE-PROVINCIALE DES
FONCTIONNAIRES TENUE A EDMONTON LES 3 ET 4 FEVRIER 1978:

ORDRE DU JOUR PROPOSE

ARTICLE 1ER - PERSPECTIVES ET OBJECTIFS
ECONOMIQUES

ARTICLE 2 - POLITIQUE ECONOMIQUE GENERALE

ARTICLE 3 - ASPECTS REGIONAUX DU DEVELOPPEMENT
ECONOMIQUE

ARTICLE 4 - POLITIQUES SECTORIELLES

ARTICLE 5 - SUITES A DONNER

UN TELEX DU PREMIER MINISTRE DU CANADA VOUS DONNERA SOUS
PEU PLUS DE DETAILS AU SUJET DE L'ORDRE DU JOUR.

2. RECEPTIONS

LE 14 FEVRIER, L'HON. JEAN CHRETEN ET L'HON.
ALLAN MACEACHEN OFFERONT DURANT LA SOIREE DES DINERS EN
L'HONNEUR DE TOUS LES MINISTRES QUI ASSISTERONT A LA
CONFERENCE, AU RESTAURANT PARLEMENTAIRE (TENUE DE VILLE).
DES INVITATIONS A CET EFFET SERONT INCLUES DANS LE CAHIER
DE DOCUMENTATION QUE DISTRIBUERA LE SECRETARIAT A COMPTER
DU DIMANCHE 12 FEVRIER.

3. OUVERTURE DE LA CONFERENCE

VEUILLEZ NOTER QU'A LA SUITE D'UNE ENTENTE ENTRE
LES GOUVERNEMENTS, LA CONFERENCE S'OUVRIRA LE LUNDI 13
FEVRIER A 9H PLUTOT QU'A 9H30.

HENRY F. DAVIS
SECRETAIRE
CONFERENCES INTERGOUVERNEMENTALES CANADIENNES

CICS OTT

AFINTER QBC

THE HONOURABLE PETER LOUGHEED, Q.C.
PREMIER OF ALBERTA
LEGISLATIVE BUILDING
EDMONTON, ALBERTA

THE HONOURABLE WILLIAM RICHARDS BENNETT
PREMIER OF BRITISH COLUMBIA
PARLIAMENT BUILDINGS
VICTORIA, BRITISH COLUMBIA

THE HONOURABLE STERLING LYON
PREMIER OF MANITOBA
LEGISLATIVE BUILDING
WINNIPEG, MANITOBA

THE HONOURABLE RICHARD B. HATFIELD
PREMIER OF NEW BRUNSWICK
LEGISLATIVE BUILDINGS
FREDERICTON, NEW BRUNSWICK

THE HONOURABLE FRANK D. MOORES
PREMIER OF NEWFOUNDLAND
CONFEDERATION BUILDING
ST. JOHN'S, NEWFOUNDLAND

THE HONOURABLE GERALD A. REGAN
PREMIER OF NOVA SCOTIA
PROVINCE HOUSE
HALIFAX, NOVA SCOTIA

THE HONOURABLE ALEXANDER B. CAMPBELL, P.C., Q.C.
PREMIER OF PRINCE EDWARD ISLAND
PROVINCIAL ADMINISTRATIVE BUILDING
CHARLOTTETOWN, PRINCE EDWARD ISLAND

THE HONOURABLE ALLAN BLAKENEY, Q.C.
PREMIER OF SASKATCHEWAN
LEGISLATIVE BUILDING
REGINA, SASKATCHEWAN

PLACE	DEPARTMENT	ORIS. NO.	DATE	FILE/DOSSIER	
OBJET	MINISTÈRE	N° D'ORIS.			
OTTAWA	FPRO		8-2-78		

PAGE

TO/A

SEE ATTACHED LIST

PRECED

IMMEDIATE

INFO

LIST

MY DEAR PREMIER:

IN RESPONDING TO MY DECEMBER 9, 1977 LETTER, PROVINCIAL
 MEMBERS HAVE CONFIRMED THEIR SUPPORT FOR COOPERATIVE
 FEDERAL-PROVINCIAL EFFORTS TO DEAL WITH THE FUTURE DEVELOPMENT
 OF THE CANADIAN ECONOMY AND HAVE ACCEPTED FEBRUARY 13, 14 AND
 15 FOR OUR MEETING ON THIS MATTER.

MOST PROVINCIAL PREMIERS WERE IN GENERAL AGREEMENT WITH
 THE SUGGESTIONS RESPECTING SUBJECTS TO BE DISCUSSED, WITH A
 MEMBER INDICATING AS WELL, THAT TIME SHOULD BE TAKEN TO DIS-
 CUSSE THE CURRENT ECONOMIC SITUATION AND GOVERNMENT RESPONSES
 TO IT. OTHERS EXPRESSED THE VIEW THAT LESS EMPHASIS ON
 SECTORAL POLICY QUESTIONS WOULD BE ADVISABLE IN ORDER TO
 PERMIT AN ADEQUATE DISCUSSION OF MORE GENERAL POLICY MATTERS
 WHICH ARE OF IMPORTANCE ACROSS A NUMBER OF SECTORS AND FOR

2

DIVISION/DIRECTION	DIVISION/DIRECTION	TELEPHONE	APPROVED/APPROUVE
SECRETARY	FPRO	5-8940	P.E. TRUDEAU

NATIONAL AND REGIONAL ECONOMIC DEVELOPMENT GENERALLY. FINALLY, THERE WERE A NUMBER OF INDICATIONS OF INTEREST IN DISCUSSING ISSUES WHICH HAD NOT BEEN SPECIFICALLY REFERRED TO IN MY DECEMBER 9, 1977 LETTER, E.G. TRANSPORTATION, PROVINCIAL INPUT INTO MONETARY POLICY, AND COORDINATION OF FOREIGN BORROWINGS BY GOVERNMENTS.

AS YOU KNOW, THESE AND OTHER VIEWS ON SUBJECTS THAT MIGHT BE INCLUDED IN THE AGENDA FOR THE MID-FEBRUARY MEETING HAVE BEEN EXAMINED BY FEDERAL AND PROVINCIAL INTERGOVERNMENTAL AFFAIRS OFFICIALS IN MEETINGS HELD DECEMBER 21, 1977 AND FEBRUARY 3, 1978. THE AGENDA MODIFICATIONS DEVELOPED BY OUR OFFICIALS AT THE FEBRUARY 3, 1978 MEETING APPEAR TO TAKE ACCOUNT OF MOST OF THE WISHES EXPRESSED BY PROVINCIAL FIRST MINISTERS IN THEIR ANSWERS TO MY DECEMBER 9, 1977 LETTER. IN ANY EVENT, THE AGENDA HEADINGS PROVIDE LATITUDE FOR FIRST MINISTERS TO RAISE ANY MATTERS OF CONCERN TO THEM RESPECTING THE ECONOMY. THEREFORE, BASED ON THE ASSUMPTION THAT PROVINCIAL FIRST MINISTERS WILL ALSO FIND THE WORK DONE IN EDMONTON BY OUR OFFICIALS TO BE ACCEPTABLE, I ASKED MR. HENRY DAVIS TO WRITE TO YOU IN HIS CAPACITY AS SECRETARY, CANADIAN INTERGOVERNMENTAL CONFERENCES, TO CONFIRM THE SUGGESTED AGENDA FOR OUR CONFERENCE.

I UNDERSTAND THIS HAS BEEN DONE, WITH AN INDICATION OF AN EARLIER TIME FOR CONVENING EACH DAY THAN HAS BEEN CUSTOMARY. STARTING AT 9:00 A.M. COULD CAUSE SOME DIFFICULTY, ESPECIALLY IF INDIVIDUAL DELEGATIONS WISH TO MEET IN ADVANCE OF THE COMMENCEMENT OF DISCUSSIONS EACH DAY. THEREFORE, I SUGGEST WE REVERT TO THE 8:30 STARTING TIME. WE SHOULD ALSO, I THINK, PLAN ON APPROXIMATELY TWO HOURS FOR LUNCH.

I THOUGHT I SHOULD PROVIDE YOU WITH THE FOLLOWING DRAFT ORDER OF DISCUSSION TO ASSIST YOU IN YOUR PLANNING FOR THE CONFERENCE.

FIRST MINISTERS' CONFERENCE
FEBRUARY 13, 14 & 15, 1978

DRAFT ORDER OF DISCUSSION

- MONDAY A.M. - OPENING OF CONFERENCE
1. ECONOMIC OUTLOOK AND OBJECTIVES
- MONDAY P.M. 2. GENERAL ECONOMIC POLICIES
- Growth and cost of the public sector
 - Government Economic Regulations
 - Labour Relations
- TUESDAY A.M. GENERAL ECONOMIC POLICIES (CONT'D)
- Commercial Policy
 - Energy
 - Other Issues
3. REGIONAL ASPECTS OF ECONOMIC DEVELOPMENT
- TUESDAY P.M. 4. SECTORAL POLICIES
- Agriculture
 - Fisheries
 - Forestry
 - Mining
 - Tourism
- WEDNESDAY A.M. SECTORAL POLICIES (CONT'D)
- Industry
5. FOLLOW-UP ARRANGEMENTS
- WEDNESDAY P.M. 6. CONCLUSION AND SUMMING-UP
7. OTHER BUSINESS

MUCH WORK HAS BEEN DONE BY OUR MINISTERS AND OFFICIALS IN PREPARATION FOR OUR DISCUSSIONS NEXT WEEK, AND I AM PLEASED WITH THE VERY EVIDENT DETERMINATION TO DO WHAT IS POSSIBLE TO ENABLE US TO EFFECTIVELY REVIEW THE ECONOMIC OUTLOOK AND TO INITIATE A BROADLY BASED SET OF FEDERAL-PROVINCIAL ACTIVITIES DIRECTED TOWARD MAXIMIZING OUR RESPONSES TO THE ECONOMIC OPPORTUNITIES

AVAILABLE TO US OVER THE NEXT FEW YEARS.

I LOOK FORWARD TO SEEING YOU AT THE CONFERENCE NEXT
WEEK.

SINCERELY,

PIERRE ELLIOTT TRUDEAU
PRIME MINISTER OF CANADA

	PLACE	DEPARTMENT	ORIG. NO.	DATE	FILE/DOSNIER	
	LIEU	MINISTÈRE	N° D'ORIG.			
PAGE	OTTAWA	BRFP		8-2-78		
TO/A	MONSIEUR RENE LEVESQUE					PRE
	LE PREMIER MINISTRE DU QUEBEC					IMMEDI
INFO	HOTEL DU GOUVERNEMENT					
	QUEBEC, QUEBEC					

DISTR.

REF.

SUB/SUBJ

MONSIEUR LE PREMIER MINISTRE,

DANS LEUR REPONSE A MA LETTRE DU 9 DECEMBRE 1977, LES PREMIERS MINISTRES DES PROVINCES ONT CONFIRME QU'ILS APPUIENT LES EFFORTS DE COOPERATION FEDERALE-PROVINCIALE EN VUE DE L'EXPANSION DE L'ECONOMIE CANADIENNE ET ACCEPTENT QUE NOTRE REUNION A CE SUJET SE TIENNE LES 13, 14 ET 15 DE CE MOIS.

LA PLUPART DES PREMIERS MINISTRES ETAIENT GENERALEMENT D'ACCORD AVEC MES PROPOSITIONS TOUCHANT LES SUJETS DE DISCUSSION; CERTAINS D'ENTRE EUX ONT EN OUTRE SOULIGNE QU'IL FAUT PRENDRE LE TEMPS D'ETUDIER LA SITUATION ECONOMIQUE ACTUELLE ET LES REACTIONS GOUVERNEMENTALES. D'AUTRES ONT EXPRIME L'OPINION QU'IL SERAIT SOUHAITABLE D'ACORDER MOINS D'ATTENTION AUX QUESTIONS DE POLITIQUE SECTORIELLE ET D'EN DONNER DAVANTAGE AUX ORIENTATIONS

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DRAFTER/REDACTEUR	DIVISION/DIRECTION	TELEPHONE	APPROVED/APPROUVE
W. L. HANEY	FPRO	5-8940	P. E. TRUDEAU

POLITIQUES PLUS GENERALES ET QUI IMPORTENT A DE NOMBREUX GROUPEMENTS, AINSI QU'AU BIEN-ETRE ECONOMIQUE NATIONAL ET REGIONAL. ENFIN, D'AUTRES ENCORE ONT INDIQUE QU'ILS SONT DISPOSES A EXAMINER DES QUESTIONS DONT MA LETTRE DU 9 DECEMBRE 1977 NE FAISAIT PAS MENTION, PAR EXEMPLE, LES TRANSPORTS, LA PARTICIPATION PROVINCIALE A LA POLITIQUE MONETAIRE ET LA COORDINATION DES EMPRUNTS ETRANGERS PAR LES GOUVERNEMENTS.

COMME VOUS LE SAVEZ, DES FONCTIONNAIRES FEDERAUX ET PROVINCIAUX DES AFFAIRES INTERGOUVERNEMENTALES ONT ETUDIE, AU COURS DES RENCONTRES QUI ONT EU LIEU LE 21 DECEMBRE 1977 ET LE 3 FEVRIER 1978, CES AVIS ET D'AUTRES POINTS DE VUE SUR DES SUJETS QUI POURRAIENT FIGURER A L'ORDRE DU JOUR DE LA PROCHAINE CONFERENCE. LES MODIFICATIONS APPORTEES A L'ORDRE DU JOUR PAR NOS FONCTIONNAIRES A L'OCCASION DE LA REUNION DU 3 FEVRIER 1978 SEMBLENT REpondRE AUX DESIRS QUE LES PREMIERS MINISTRES DES PROVINCES AVAIENT EXPRIMES DANS LEUR REponse A MA LETTRE DU 9 DECEMBRE DERNIER. DE TOUTE FACON, LES POINTS A L'ORDRE DU JOUR ACCORDENT AUX PREMIERS MINISTRES LA LATITUDE NECESSAIRE POUR SOULEVER TOUTES LES QUESTIONS D'ORDRE ECONOMIQUE QUI LES PREOCCUPENT. COMPTANT QUE LES PREMIERS MINISTRES SERONT EGALEMENT SATISFAITS DU TRAVAIL DE NOS FONCTIONNAIRES A EDMONTON, J'AI DEMANDE A M. HENRY DAVIS DE VOUS ECRIRE, A TITRE DE SECRETAIRE DES CONFERENCES INTERGOUVERNEMENTALES CANADIENNES, POUR CONFIRMER L'ORDRE DU JOUR PROJETE.

ON ME DIT QUE C'EST CHOSE FAITE, MAIS QU'ON VOUS APPRENAIT QUE LE DEBUT DES SEANCES AVAIT ETE FIXE PLUS TOT QUE D'HABITUDE. L'OUVERTURE DES DEBATS A 9H. PEUT CAUSER DES DIFFICULTES, PARTICULIEREMENT SI LES DELEGATIONS TIENNENT A SE RENCONTRER AUPARAVANT. JE PROPOSE DONC QUE NOUS REVENIONS A L'HEURE D'OUVERTURE HABITUELLE, SOIT 9H30. NOUS POURRIONS AUSSI, JE PENSE, PREVOIR DEUX HEURES ENVIRON POUR LE DEJEUNER.

... 2a

J'AI PENSE VOUS COMMUNIQUER L'AVANT-PROJET SUIVANT DE
L'ORDRE DES DEBATS AFIN DE VOUS AIDER DANS VOS PREPARATIFS.

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CONFERENCE DES PREMIERS MINISTRES
LES 13, 14 ET 15 FEVRIER 1978

AVANT-PROJET D'ORDRE DU JOUR

LUNDI MATIN

- OUVERTURE DE LA CONFERENCE

1. PERSPECTIVES ECONOMIQUES ET OBJECTIFS

LUNDI APRES-MIDI

2. POLITIQUE ECONOMIQUE D'ENSEMBLE

- CROISSANCE ET COUT DU SECTEUR PUBLIC
- REGLEMENTATION ECONOMIQUE GOUVERNEMENTALE
- RELATIONS DE TRAVAIL

MARDI MATIN

POLITIQUE ECONOMIQUE D'ENSEMBLE (SUITE)

- POLITIQUE COMMERCIALE
- ENERGIE
- AUTRES QUESTIONS

3. ASPECTS REGIONAUX DE L'EXPANSION ECONOMIQUE

MARDI APRES-MIDI

4. ORIENTATIONS SECTORIELLES

- AGRICULTURE
- PECHE
- FORETS
- MINES
- TOURISME

MERCREDI MATIN

ORIENTATIONS SECTORIELLES (SUITE)

- INDUSTRIE

5. DISPOSITIONS CONSECUTIVES

MERCREDI APRES-MIDI

6. CONCLUSION ET RESUME

7. AUTRES QUESTIONS

NOS MINISTRES ET NOS FONCTIONNAIRES ONT BIEN
TRAVAILLE A LA PREPARATION DES DEBATS DE LA SEMAINE PROCHAINE.
ILS ONT FAIT DE LEUR MIEUX POUR FACILITER UN EXAMEN DES
PERSPECTIVES ECONOMIQUES QUI PERMETTRA, DANS DIVERS DOMAINES,

UN ENSEMBLE D'INITIATIVES FEDERALES-PROVINCIALES, GRACE
AUXQUELLES NOUS PROFITERONS AU MIEUX DES POSSIBILITES QUE NOUS
OFFRENT LES QUELQUES PROCHAINES ANNEES.

JE SERAI HEUREUX DE VOUS VOIR A LA CONFERENCE ET
VOUS PRIE D'AGREER, MONSIEUR LE PREMIER MINISTRE, L'ASSURANCE
DE MA HAUTE CONSIDERATION.

LE PREMIER MINISTRE DU CANADA
PIERRE ELLIOTT TRUDEAU

PLACE	DEPARTMENT	ORG. NO.	DATE	FILE/DOSIER	SEC. REC.
LIEU	MINISTÈRE	NO D'ORG.			
OTTAWA	FPRO		8-2-78		

THE HONOURABLE WILLIAM G. DAVIS, Q.C.	PRECEDENCE
PREMIER OF ONTARIO	IMMEDIATE
PARLIAMENT BUILDINGS	
TORONTO, ONTARIO	

REF

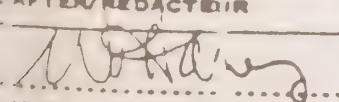
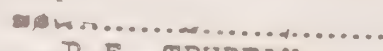
SUB/SUJ

MY DEAR PREMIER:

IN RESPONDING TO MY DECEMBER 9, 1977 LETTER, PROVINCIAL FIRST MINISTERS HAVE CONFIRMED THEIR SUPPORT FOR COOPERATIVE FEDERAL-PROVINCIAL EFFORTS TO DEAL WITH THE FUTURE DEVELOPMENT OF THE CANADIAN ECONOMY AND HAVE ACCEPTED FEBRUARY 13, 14 AND 15 FOR OUR MEETING ON THIS MATTER.

MOST PROVINCIAL PREMIERS WERE IN GENERAL AGREEMENT WITH MY SUGGESTIONS RESPECTING SUBJECTS TO BE DISCUSSED, WITH A NUMBER INDICATING AS WELL, THAT TIME SHOULD BE TAKEN TO DISCUSS THE CURRENT ECONOMIC SITUATION AND GOVERNMENT RESPONSES TO IT. OTHERS EXPRESSED THE VIEW THAT LESS EMPHASIS ON SECTORAL POLICY QUESTIONS WOULD BE ADVISABLE IN ORDER TO PERMIT AN ADEQUATE DISCUSSION OF MORE GENERAL POLICY MATTERS WHICH ARE OF IMPORTANCE ACROSS A NUMBER OF SECTORS AND FOR

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AFTER/REDACTEUR  W.L. HANEY	DIVISION/DIRECTION FPRO	TELEPHONE 5-8940	APPROVED/APPROUVÉ  P.E. TRUDEAU
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FIRST MINISTERS' CONFERENCE
FEBRUARY 13, 14 & 15, 1978

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- Labour Relations

TUESDAY A.M.

GENERAL ECONOMIC POLICIES (CONT'D)

- Commercial Policy
- Energy
- Other Issues

3. REGIONAL ASPECTS OF ECONOMIC DEVELOPMENT

TUESDAY P.M.

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- Agriculture
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WEDNESDAY A.M.

SECTORAL POLICIES (CONT'D)

- Industry

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AVAILABLE TO US OVER THE NEXT FEW YEARS.

I SHARE THE CONCERNS SET OUT IN YOUR TELEX TO ME OF JANUARY 31, 1978 RESPECTING THE DIFFICULTIES LIKELY TO BE ENCOUNTERED IN FOCUSING THE DISCUSSIONS NEXT WEEK. THE FOUR POINT FRAMEWORK YOU SUGGESTED FOR EXAMINING ISSUES AND INITIATIVES WAS DISCUSSED AT THE FEBRUARY 3RD MEETING. I UNDERSTAND THAT OFFICIALS INDICATED THEN, THAT WHERE POSSIBLE, YOUR CRITERIA FOR JUDGING THE USEFULNESS OF PROPOSALS OR POSSIBLE INITIATIVES WOULD BE BORNE IN MIND AS PREPARATORY WORK GOES FORWARD.

I LOOK FORWARD TO SEEING YOU AT THE CONFERENCE NEXT WEEK.

SINCERELY,

PIERRE ELLIOTT TRUDEAU
PRIME MINISTER OF CANADA

TRANSCRIPTION DU DISCOURS DU PREMIER MINISTRE
AU CONGRES DU PARTI LIBERAL, LE 24 FEVRIER, 1978

Publications

TRANSCRIPT OF THE PRIME MINISTER'S SPEECH TO THE LIBERAL
PARTY CONVENTION, FEBRUARY 24th, 1978

Mes chers amis libéraux, my dear friends, my fellow Liberals.

A little later tonight, I will stand before you during an accountability session and I know you will be asking me then questions which have to do with the Government of this country and which express your concerns for the destiny of this country. But right now and for the next few minutes, I would like to feel that I am just one of you, that I am just a member of the Liberal Party of Canada. One of the thousands of Liberal Canadians who have come here to this convention from the four corners of our great country to represent that country, to participate in the decisions which will affect the future of that country. The thousands from every corner, the hundreds from every province who are here and thanks to whom the Liberal Party is healthy, modern and elected. (I don't know what he says, but there'll be a question period after, so we can hear from him then).

Ever since registration last night and then the mingling and attendance at meetings during the day, I have sensed the excitement, the enthusiasm which is clearly visible here tonight. But also, I have felt a great sense of pride and a great sense of responsibility which we all share together. Our pride is evident, the pride which we feel because we belong to the great Liberal tradition, the tradition of one party which for a great many years already in this century and in the preceding century has led the destiny of our country. We feel this pride which is visible, which is evident when one is newly elected in the Party, one feels this in the Liberal Caucus -- and I know there are members of the Caucus, people here in the room who will be coming up in the next election and who will this experience which all elected M.P.'s have had when they arrived for the first time in the Liberal Caucus room, when they see themselves in the midst of people who created the Party: Blake, MacKenzie, Laurier, King, St-Laurent, Pearson. This is a feeling of belonging to something which is great for Canada, of belonging to a Party which has put its faith

in man, in woman, which has put its faith in the human person and in freedom of human liberty and in the belief that, if one puts confidence in people and individuals, they will know how to lead the destiny of this country in the proper direction, in the good direction.

This Liberal tradition has two parts to it. On one hand, we have to protect the individual against the State so that the individual may remain free, master of its own destiny. But on the other hand, and this of course is an aspect of equal importance from the point of view of Liberal ideology, the State has to intervene to protect the weak members of society, minorities those who need protection from the State against stronger forces than themselves. And these two traditions we have always seen them within the history of the Liberal Party of Canada. I have a need to recall to those of you present the history of our social policies from unemployment insurance up to health insurance, from old age pensions up to baby bonus. And this tradition which has marked previous legislation, has also marked part of

in making individuals freer among themselves,
in making different parts of Canada freer among themselves, DREE
for example the goal of which is precisely to create a greater degree of equality, and equality of chance from the different parts of the country. And Premier Hatfield said himself in Ottawa last week, he was saying that this Department had been a great success in more than 90 per cent of the cases. This kind of freedom as well between men and women in Canada, a freedom which means that from the point of view of the status of women in Canada, we have made more progress in the last seven or eight years than was made in the last 10 or 12 preceding years. Equality as well between the two language communities in the country. Mr. Pearson, for example, who created the Commission in 1964 up until the adoption of the Official Languages Act in 1969, this equality for all elements of the population in Canada, including the native people, those who needed help because they were less favoured than other groups in the country. This policy, these kinds of policies, these kinds of traditions continue within the Liberal Party of Canada. This responsibility as well as this sense of pride, it is because we all sense that we're coming together at a momentous time in the history of our nation. We know that there are at the present time, in Canada, indeed in the industrialized democracies of the world, there are grave challenges which have to be met and which are causing

real problems for the survival of democracy in the form that we know it. And I'm of course alluding to the very serious difficulties in the economic sphere which have affected the growth of our country, especially in the half dozen years since the OPEC nations got together and began to quadruple the price of energy. We know the effects of that. We know we are now living in a tough, competitive world and that there are Third World nations which are coming to the edge of the world stage and who are demanding rightly to have a place in the economies and the policies of the XXth century. We know also that our friends in the industrialized, more advanced democracies through their productivity, through their entrepreneurship, through their advanced technology, are throwing a challenge at us, Canadians, a challenge that we have to meet if we want to stay abreast of progress and of economic betterment in this time of the XXth century. We know these challenges are there and we know the very real difficulties that they have caused in Canada and that are there before us today: much too many men and women and young people who can't find jobs in this society; prices which are not coming down as slowly^{*} as we hope they would; a Canadian dollar which has lost its value, compared to the American dollar in the past year, something like more than 10 per cent. We know these are very real challenges and we know we have to meet them. And I think that is part of the explanation of the sense of responsibility that we share, we members of this governmental Party at this time in the history of our nation.

Yes, of course, these are problems. Of course, the Government of Canada and the governments of the provinces and of the municipalities are concerned about them. And they showed that when they met here, when we met here just a week ago in this capital. Of course, we can't tolerate such a high rate of unemployment and of course that is why the Federal Minister of Finance, Mr. Chrétien, has in this year injected some \$2 billion in personal income tax reductions so that we could go out and stimulate consumer demand in this country. And that is why in this year, he cut corporate taxes by some \$900 million to encourage private enterprise to go out and invest and create jobs. And that is why, in this year, this and last year, he^{one} injected some billion, \$100 million in direct job creation, more than half of it going to job creation for the

*Editor's note: the Prime Minister, of course, means to say: "... as fast as we hope they would ..."

younger Canadians who are out of work. Because it is a subject of very great concern to this Government, it's a subject of very great concern to you that so many of our people should not find jobs in this society, in this economy, that's why just a month ago we brought in \$100 million legislation in order to -- it's called Employment Tax Credit -- in order to encourage the private sector to hire more people and to see their taxes cut as a consequence. And that's why just last week, we reach agreement with Newfoundland to move forward with the Gull Island project, then with Saskatchewan to move forward with the heavy oil project. And that's why Mr. Allan MacEachen is just piloting through the House of Commons now the legislation on the Northern Pipeline, the Foothills Pipeline, to create some 100,000^Q man-years. This, of course, is because we're concerned with the economic difficulties. That's why also the Provincial Premiers and myself just last week made several decisions, decisions to keep the rate of growth of government^{ts} below the rate of growth of the Canadian economy. Because we know -- and that too is part of the Liberal tradition -- we know that the State which is needed to protect the weak and the minorities, can get to a point where it interferes too much and that's why our Government in the past few years, and in the present year and in the budget for next year, the Blue Book for next year, we have made sure that the rate of growth of government at our level would be less than the rate of growth of the economy. And the Provinces have undertaken to do the same thing. And that's why the public service of Canada has been at a zero rate of growth more or less the past year and for the present year. And that's why we reached an agreement, the Provinces and ourselves, to make sure that total compensation of the public sector, including pensions, would not proceed, would not grow any faster than compensation, than wages, than salaries in the private sector. These are all concerns which correspond to the desire of Liberals, of you, delegates, as you have told us in your resolutions as they came to us over the weeks and months for less intervention of the bureaucracy in your lives.

And, of course, the times are serious too because our country is divided against itself. We see divisions between East and West, between French and English, and we know that one of the reasons that the economy

cannot pick up as fast as we would want to see it, it's because there is economic uncertainty and because investors, foreign and Canadian investors, are less inclined to have confidence in a country when they see it divided as there has been some evidence of it in the past few years in Canada. So these very real hard facts, are facts that we have to come to grips^s with and that is the explanation for some of the budgetary, some of the legislative matters we've just talked about, and that's also why this Government has in the past several years put such a heavy accent on seeking to bring greater equalities to every part of this land. Not only greater equalities of opportunities between people, as is the case and in spite of the fact that you often hear the contrary you should remember that in the past 10 years whereas 10 years ago more than 20 per cent of Canadians were below the poverty line, today, 10 years later, less than 10 per cent of Canadians are below the poverty line. And I'm talking in terms of real standard of living, real wealth, not just money wealth, in terms of purchasing power. But as I was saying a moment ago in French, even in terms of equalization between the regions, we heard Premier Hatfield in this city last week, and he is not a political ally but he is an honest man who recognized that the DREE programs, not only in his province but he was looking at the DREE Expansion programs across the country, the Department of Regional Economic Programs, and he said they were 90 per cent success. This is bringing equality to Canadians. Many, many other examples. I could refer to the Western Economic Opportunities Conference. I could refer to the 200-mile economic zone for the advantage of the coastal provinces in the fishing areas. I could refer to many actions of this Government, the whole direction of which has been to try and bring greater equality of opportunity to all parts of Canada and to every Canadian in this land.

But this does not solve of course the problem which is posed to us by the present Quebec government which ^{has} set out to break this country and to remove one province, one part of Canada from this land of ours. And I will be discussing that problem a little later, but I assure you that on this subject we are just as determined to keep our country strong and united as in every other area.

Mais il faut se demander quelle est la nature du défi qui se présente à nous. Quel est ce "challenge -- économique, social, politique --

auquel nous devons faire face et on a beau regard on s'aperçoit qu'il y a effectivement un défi. Mais on ne peut pas dire vraiment qu'il y a objectivement une crise. Qu'on prenne n'importe quel standard, qu'on prenne n'importe quel terme de comparaison, on peut comparer le Canada, sa production économique, à n'importe quel autre pays industriel et s'apercevoir que sur la moyenne ou la longue période le Canada est mieux ou égal à n'importe quel autre. J'ai donné ces chiffres en quelque détail la semaine dernière à la Conférence des Premiers ministres. Je ne veux pas vous ennuyer en faisant une longue récitation de statistiques, mais quelques-unes sont importantes et il importe que nous nous rappelions la réalité avant d'être pessimistes pour la réalité présente et sur les perspectives d'avenir. From 1965 to 1975, we have consistently created in Canada more jobs than all the principal industrial nations which are members of the OECD with the job creation real growth in Canada compared to those nations or job creation in Canada has been on an average for each of those 10 years, 3.3 per cent. In the United States, it was 2.2 per cent. In Japan, it was 1.9 per cent. In Germany, 1 per cent and the others are below that. Now, that's for those 10 years. In the last three years, we kept up not as great a performance absolutely, but in comparative terms we've done better than all those other countries, with the exception of the United States which overtook us in the last year. But you know, we have to realize that we're not a sick country in a healthy world. We're a healthy country in a difficult world. Ten years later, we are $1\frac{1}{2}$ times as rich on average for every Canadian as we were in 1965. That means that in real purchasing power, after taxes and after you discount for inflation on average every Canadian is $1\frac{1}{2}$ times as rich as he was 10 years before. Now that's not a bad record either. Housing starts have consistently over the last 10 years exceeded the number of family formations. Strike record which in Canada, only three years ago, were just almost the worst of the industrialized world, last year they are almost the best of the industrialized world. So that's progress too.

So what is happening when we talk about the challenge of the time? Canadians are meeting this challenge. Their productivity is increasing. The costs are coming down. They are becoming more competitive and that's why we look at the future with optimism and with confidence. Now, of course

you'll find those who don't find that good is good enough and we agree with that. Of course we have to do better. I said it earlier: it's a tough competitive world and Canadians won't get a free ride. We have to work hard like everyone else, but we can do it. We have to realize the nature once again of the challenge which we face. Isn't our population just as educated, just as skilled as any other? Isn't our country just as wealthy in resources -- present and future, known and unknown -- as any other? Isn't liberty and freedom in this country just as great as in any other land? Do you know many other countries which frontiers are as secure as ours? Do you know any other country whose economic space has increased by more than 50 per cent? I'm talking of the continental shelf, I'm talking of the 200-mile economic zone, I'm talking of the 100-mile pollution prevention legislation for the North -- measures which have increased the economic opportunities for Canadians by an incredible degree. Do you know many countries which can compare with that? And yet, what do we hear from many of the doomsayers in this country? Well, I think the one you're thinking about is the one who is telling Chrétien that he would know how to run the economy better and yet he can't even count the delegates in Bow River. And the other one you-know-who, whose shrill rhetoric from the depression days, is trying to see the downside of everything and who is arguing with our Deputy Prime Minister, Allan MacEachen, who has signed an agreement with the United States which will bring incredible opportunity to Canada in the terms of the Foothills pipeline and who first didn't think that we were having the right size of pipe and therefore the jobs would go somewhere else, to the United States, and then suddenly the decision is that the pipe will be the kind that is made in Saskatchewan and Ontario and that is ... But he is still mad because he thinks the jobs are going to go to Japan. But this is the confidence he has in the Canadian workers. You know I hear some of them tell us sometimes across the aisle that we're a pretty tired bunch, you and I. You know, ask yourselves what kind of Cabinet the Tories would put together with the remnants of the Diefenbaker Cabinet, with Hees and Hamilton and Woolliams and a few others. And of course, the NDP which is always thinking its way ahead of everyone else and is still stuck with two of its member^s, Knowles and Douglas who were

leftovers from the depression days. Ask yourselves which party is attracting attractive new delegates, candidates for this oncoming election. Ask yourself which party is the more lively of the three or of the four, and who is showing it... That is the nature of the difficulties which are facing Canada today. Not these particular people, but that particular mentality which does not add confidence in this country. That is the precise nature of the difficulty. Take a few examples. You remember a few months ago when our Solicitor General tried to prevent the Commission of Enquiry in Quebec, the Keable Commission, from Inquiring into the Federal Government, not because we wanted to hide anything,--we set up a Royal Commission of our own -- but because we did not want the provinces to have a right to open our departments no more than we have a right or claim to have one to go into their affairs. Alright, but what were you hearing? You were hearing, we were hearing in the House of Commons, and I'm sure you were hearing in the country too from the same kind of people that you could trust the Keable Inquiry and no matter if it was directed by a defeated candidate of the Parti Québécois, no matter. That was alright. That was alright because they appeared to be giving the Federal Government a difficult time which they were not. But what about the Royal Commission of Inquiry that we set up, the MacDonald Commission of Inquiry, with constitutional authority and legislative authority to look into every aspects of any kind of wrongdoing, real or imagined, by the RCMP or by the Government. This was suspicious. This was attacked day in and day out as not being trustworthy. Take another example. Do you remember when certain people in the Opposition found bugging devices in their chairs or in their telephones, and rather ^{than} hand them over to some independent investigators, they handed them over to their own hired private detectives to check whether they were real bugs or not. But you remember the accusations - the Government was suspected of spying into the Opposition parties, into the very parties which had hired private detectives. But this was another big scandal which shook the Canadian Government, but remember just about the same time it was discovered that the Parti Québécois had information gatherers about the Federal Government, about its departments about its internal operations. No scandal about this. This was a normal

information gathering operation, but the other was fine. Take another example. Just last week, once again, when the separatist Premier of Quebec for two days can go in front of his colleagues and on camera and make all kinds of assertions to prove that the Federal Government wasn't helping the Province of Quebec, that there were no funds being spent in the Province of Quebec. Good news for you, Westerners, you bring it back hey when you hear? But you have no lesser authority than Mr. Levesque that we weren't doing anything for the province -- whether it be agriculture and housing. Monsieur Ouellet the morning of the last day went on camera in front of the Conference and indicated that not only we were helping them but in many instances they weren't even taking the help that we were offering to them. And what happened? We were accused of confrontation with the Province of Quebec, we were putting a sour note into the Conference. You know it's like those people who say that my quarrel with the Premier of Quebec is too personalized, there is something too personal. Something is wrong, you can't trust our Government because it's too obvious that the Premier of Quebec and myself have made this a personal issue. Well, isn't it a personal issue for all of you over the unity of our country? Pourquoi? Is there anyone in this Party, anyone in this country who isn't prepared to fight back when he sees somebody who sets out deliberately, overtly to destroy the country? Is there anything wrong with having a personal feeling about that? And there again is a negative interpretation that we get every time that the Opposition looks at something good and describes it as something bad.

Eh bien, chers amis je vous disais qu'il faut vraiment
qu'on regarde ce qui nous arrive comme un défi et non
pas comme une crise. Sauf que si on peut parler de crise, alors il
s'agit plutôt d'une crise de confiance. Une crise de confiance en
nous-mêmes comme Canadiens et c'est peut-être ça qui est le plus sérieux.
C'est pas que notre pays n'ait pas les institutions valables. C'est pas
que notre pays n'ait pas les richesses et la population capable et la
richesse abondante. Ce n'est pas que nous avons des désavantages par
rapport aux autres nations, mais c'est qu'il y a une crise de confiance
en notre avenir. Et c'est là, chers amis, que vous importez tous.

C'est là que le Parti Libéral du Canada a un rôle extraordinairement important à jouer et c'est pour ça que je parlais tout à l'heure du sens de responsabilité qui est visible dans ces assemblées, du sens du devoir qui nous incombe à tous vis-à-vis les difficultés réelles, les difficultés présentes du Canada. Moi, je vous dis que ce qu'il faut à ce pays c'est une véritable volonté d'être fort et d'être uni. C'est cette volonté qui importe. C'est pas ^{dans} la réalité qu'est la difficulté, c'est dans les esprits et dans les coeurs. Ce qu'il faut dans ce pays, c'est une organisation qui ^{saurait aller} dans toutes les villes et dans tous les villages de pêcheurs ou de fermiers, qui saurait ^{aller} dans toutes les provinces et dans tous les territoires porter le message de la confiance, dans toutes les rues, dans tous les quartiers, dans toutes les villes, à la campagne, dans les montagnes, dans les prairies, porter le message de confiance dans l'avenir. C'est cette organisation qu'il nous faut. C'est une association pareille dont le Canada a besoin pour contrer tous ces semeurs de mauvaises rumeurs, de tous ces pessimistes qui ne voient ^{qu'en} l'avenir en noir. Et je vous dis que si le Parti Libéral n'existait pas, eh bien il faudrait qu'on l'invente parce que c'est le Parti Libéral qui fera ce message-là.

It's the will, it's the confidence in ourselves, it's the will to be strong and to be united which is so necessary in this country. You know and we all know and the world knows that this country is a favoured nation, that we've had every opportunity, that we've got the men and the women and the resources to put it all together into a very happy country. But doubt and some despair have overcome some of us. And there again is why I know that the sense of responsibility that is present here in this convention is absolutely basic to the future, sure to the future of our Party, sure to the future of the Liberal Government. But I say that this country needs an organization like the Liberal Party to bring this sense of confidence to every corner of our land.

I say to you there are other parties and other groups who are concerned with this task and who are doing what they can for this country and who believe in its progress and its future despite some of their pessimistic views. I believe that. But I know and you know that for

a hundred years and more the Liberal Party has been doing that, for a hundred years and more has been doing that with enthusiasm, with skill, with dedication. And that is a job we are going to continue in the days, in the months, in the years to come. This is perhaps the last great political gathering before the General Election, whenever it comes.

As Leader of this great Party, I want to tell you that I feel incredibly privileged to have so many men and women and young people all through this land working together to build this confidence, this faith in our future, to make it happen as we dream it should happen. You know we, as Liberals, belong, probably belong to the most successful political party in the history of modern ^{democracies.} This Party has been built by others that I named and been handed on to us. And in the face of these challenges of our time, in the economic, in the political sphere, I say to you that the people at this Convention have a great zeal for the duty toward this country. And I say to you that I have every confidence that we will discharge this duty and that we will in going out of here on Sunday, we will go out with the feeling that it's a great time to be a Liberal and a great time to be a Canadian.

TRANSCRIPTION DU DISCOURS DE CLOTURE DU PREMIER MINISTRE TRUDEAU,
AU CONGRES DU PARTI LIBERAL,
LE 26 FEVRIER 1978, A OTTAWA

TRANSCRIPT OF PRIME MINISTER TRUDEAU'S CLOSING SPEECH
AT THE LIBERAL PARTY CONVENTION
OTTAWA, FEBRUARY 26, 1978

Dear delegates and dear Liberal friends. Je voudrais tout d'abord vous dire ma joie, devant l'appui que vous me donnez, de sentir l'enthousiasme avec lequel vous allez bientôt quitter cette ville pour rejoindre ceux qui vous appuient, ceux qui vont vous écouter aux quatre coins de ce pays.

Vous êtes venus, certains d'assez proche, certains de très loin, mais vous êtes venus avec le même enthousiasme, la même confiance en l'avenir de ce pays et le même désir de travailler tous ensemble avec conviction et force pour que les idées libérales continuent de diriger ce pays dans la prospérité et dans l'unité. Il est trop tôt pour faire l'analyse détaillée des résolutions que vous nous avez soumises, à nous le Gouvernement du pays, mais je peux vous dire que ces résolutions, cette pensée que vous nous transmettez vient à point. Nous aurons le temps de nous en inspirer dans les semaines qui viennent dans l'adoption de législations et de politiques que vous souhaitez mais d'une façon plus importante: vous nous donnez une direction, une direction ferme pour les élections qui vont venir. Vous nous inspirez des pensées, des idéologies libérales. Vous nous donnez des instructions pour la conduite du Gouvernement. Je sais qu'il y en aura beaucoup qui vont se torturer les méninges pour savoir si le Gouvernement doit pencher à droite ou à gauche. Il est certain que dans ces trois jours on a vu entre autres préoccupations, deux directions assez claires.

On the one hand, it's quite clear that we're determined to ensure that prosperity, economic prosperity will and must come

to this country and it will be mainly helped through the private sector. And that's why so many resolutions have to do with the of the individual, of the small enterprise in creating prosperity in this country. But before too many of the commentators conclude that we're leaning to the right, I think it's quite clear, quite clear too, that we are determined to preserve the traditions of social justice which redistribute that wealth in an equitable way between the rich and the poor and the less developed and more developed parts of Canada, between the French and the English and all the other ethnic groups in all the geographical regions, there will always be a need for a strong central government which can fulfill this task. And your debates and the resolutions which were adopted make it quite clear that you are determined that the Government improve in many cases its systems of redistribution make them more equitable and hopefully less costly and less bureaucratic -- and we've heard that message. But the basic Liberal trends towards equality of opportunity remains and I suppose if I can make the job easier for those who will wonder have we gone right or left, I think a good formula would to say that we are a party of the extreme centre. And if that doesn't convince them you can go on to say we're of the radical middle... But these directions are important, but what I see as almost more, perhaps more important -- and for which I'm very thankful -- is to see that those thousands of Canadians of whom I talked on Friday and of which you are members and the hundred of thousands which you represent come not only from every part of Canada but they come from every sector of the population. I'm sure you will have noticed with elation as I have that there is a very high number of young delegates -- I'm told between a third and the quarter. The high representation of those we call the new Canadians and indeed of those we call -- or we should call -- the oldest Canadians, the native population. They're all here in great numbers. And between the old and the new Canadians, well there's the Canadians and I think that's

what we all are basically. We're all Canadians, new, old, whether you've been here for 3,000 years as some of your ancestors have been or for 300 years as my ancestors have been or three years or three days: you're all Canadians and that's what makes us....

I thought I would make that point because it was brought to my attention that Friday night, Mr. Joe Clark who was speaking in Hanna, made some.... Well, remember his name it's important when you hear what he says. He was saying "the big difference Mr. Trudeau and myself when you come right down to it is that he is probably a European Canadian" and then he goes on "I'm a North-American Canadian" he says. And a little later, "My grandfather took risks when he came out to start with nothing in High River". Well, I'm not...and that's where he is going too. But when you come down to it, you know, we're all North-American Canadians, we're all Canadians. Some of our ancestors come from the Ukraine and Italy and Poland and Germany and Scotland and Ireland and some of them come from Asia and some from Africa and some from South America and some from Australasia. But that isn't the important thing whether I'm a European Canadian as I suppose I could trace my ancestors far back enough and eliminating some side-affairs, probably find that basically most of ^{my} ancestors come from Europe some 300 years ago. But that's not the relevant thing. The relevant thing -- and it's shown in this hall, and it's shown in the resolutions that you adopted -- and it's visible in the determination that we have to create equality of opportunity. Not absolute equality. We're not trying to level everybody off or level everybody down. But everybody should have the equal opportunity to fulfill himself or herself to the best of his ability.

Alors, encore une fois, je voudrais vous dire ma joie devant l'enthousiasme, l'intelligence, le courage que vous avez mis à discuter vos idées. Bien sûr, je veux remercier en votre nom ceux qui sont ici avec moi à cette table et qui représentent

la grande et importante participation d'un très grand nombre de volontaires qui ont travaillé pour le parti, qui ont travaillé pour nous pour que ce congrès soit un succès. But...yes, I think they deserve a round of applause.

So let's all return to our provinces and our cities and our rural areas and our farms and our fishing outports, let's all return and carry that message of belief, of hope, of faith in the future of this country. Let's show them that the Liberal Party is a party with a tremendous heart, a party with an enormous will to build the future, a party with courage and let's get the people out there to see as we see that it's a great time to be Canadians, it's a great time to be Liberals. Thank you very much. Aurevoir.



Office of
The Prime Minister

Cabinet du
Premier Ministre

Government
Publications

May 4, 1978
le 4 mai 1978

The Prime Minister sent the following letters to
Premiers Lougheed, Bennett, Lyon, Hatfield, Moores,
Regan, Davis, Campbell, Blakeney and Lévesque,
reporting on progress since the First Ministers'
Economic Conference of February 1978 -

Tabled 4 May 1978

Le Premier ministre a envoyé les lettres suivantes aux
Premiers ministres Lougheed, Bennett, Lyon, Hatfield,
Moores, Regan, Davis, Campbell, Blakeney et Lévesque,
faisant le point sur le progrès accompli depuis la
dernière Conférence économique des Premiers ministres,
en février 1978 - Déposées le 4 mai 1978

Summary of the Prime Minister's Letter

On April 10, 1978, the Prime Minister wrote to the provincial First Ministers to report on the progress which the federal government has made toward fulfilment of the commitments undertaken at the First Ministers' Conference in February. In the letter, the Prime Minister informs his colleagues that:

- a formal reference has been put to the Economic Council of Canada for it to assume responsibility for analyzing price and cost developments for a limited post-control period, in cooperation with provincial governments;
- work is underway to establish a formal system for the exchange of information between the two orders of government on public sector compensation;
- the Minister of Industry, Trade and Commerce has invited his provincial counterparts (along with leaders from business, labour and academic fields) to participate in selection of 23 working groups established to formulate plans for improving the economic performance of Canada's manufacturing, construction and tourist industries;
- on MTN negotiations, Mr. Warren has begun a new round of consultations with the provinces to include discussion of those elements of foreign offers of particular interest to individual provinces;
- the nature of federal government participation in the "Buy Canadian" campaign is under study;
- the Minister of State for Science and Technology has begun to arrange for early federal-provincial discussions about the need for a substantial increase in industrial R&D in Canada;
- the federal government has taken action to advance the energy capital projects announced in February, particularly with respect to the Gull Island hydro project on the Lower Churchill River, tidal power development, certain energy projects in the West, and the northern pipeline;

- much joint work is underway in the agricultural area toward development of agreements on such issues as federal-provincial harmonization of stabilization programs;
- closer federal-provincial working relationships in the fisheries sector will be sought by the federal Minister through his suggestion for an Atlantic Fisheries Ministers' Committee;
- guidelines are being developed for federal-provincial discussion on the use of the Canada Works program in forest management projects;
- a committee of officials has already examined alternative mechanisms to implement the proposal for 'global' funding of housing programs and reported to the federal and provincial ministers responsible;
- the Minister of Employment and Immigration has taken steps in accordance with the high priority placed by First Ministers on strengthening manpower training and placement programs, on improving federal-provincial collaboration on the problem of youth employment, and on job creation.

In addition, the Prime Minister suggests that:

- the First Ministers maintain as the framework for their discussions on national economic matters, the development of a medium-term economic strategy;
- a federal-provincial conference of Finance Ministers in late spring could be useful to reassess the short-term economic situation;
- the search continue for ways to improve the effectiveness of mechanisms for federal-provincial follow-up to the Conference.

The letter to Mr. Davis contains additional comments, in direct response to the Premier's letter of March 21, 1978, pertaining to employment opportunities, Ontario's participation in the Northern Pipeline, the Automotive Agreement with the United States, and rail transportation in the province.

Résumé de la lettre du Premier ministre

Le 10 avril 1978, le Premier ministre a fait parvenir à ses homologues provinciaux une lettre pour faire le point sur les progrès accomplis par le gouvernement fédéral en vue de s'acquitter des engagements pris lors de la Conférence des Premiers ministres en février. Dans cette lettre, M. Trudeau informe ses collègues des points suivants:

- une lettre officielle a été envoyée au Conseil économique du Canada lui demandant d'assumer la responsabilité d'analyser l'évolution des prix et des coûts, pour une période de temps limitée, après la levée des contrôles, de concert avec les gouvernements provinciaux;
- on a entrepris de mettre sur pied un système officiel d'échange d'informations, entre les deux paliers de gouvernement, sur la rémunération dans le secteur public;
- le ministre de l'Industrie et du Commerce a invité ses homologues provinciaux, de même que les représentants du monde des affaires et du travail, et des milieux universitaires, à participer au choix de 23 groupes de travail dont le mandat est de formuler des plans d'action visant à améliorer le rendement économique de l'industrie manufacturière, de la construction et du tourisme au Canada;
- pour ce qui est des négociations commerciales multilatérales, M. Warren a entrepris une nouvelle série de consultations auprès des provinces pour discuter des offres étrangères qui sont d'un intérêt particulier pour certaines provinces;
- on étudie présentement la forme que pourrait prendre la participation du gouvernement fédéral à la campagne "d'achat de produits canadiens";
- le ministre d'État chargé des Sciences et de la Technologie a entrepris les premières démarches pour organiser sous peu des discussions fédérales-provinciales sur la nécessité d'accroître considérablement la recherche et le développement dans l'industrie canadienne;
- le gouvernement fédéral a pris des mesures pour accélérer la réalisation des grands projets dans le domaine de l'énergie qu'on avait annoncés en février,

en particulier le projet hydro-électrique de Gull Island sur le cours inférieur du fleuve Churchill, celui de l'exploitation de l'énergie marémotrice, d'autres projets dans l'ouest du Canada, de même que celui du pipeline du Nord;

- dans le secteur agricole, plusieurs travaux conjoints sont déjà en cours afin d'en arriver à des accords sur des questions telles que l'harmonisation des programmes fédéraux-provinciaux en matière de stabilisation;
- dans le secteur des pêcheries, le ministre fédéral cherchera à établir une collaboration plus étroite entre les paliers fédéral et provinciaux en proposant la formation d'un comité des ministres des pêches de l'Atlantique;
- on établit à l'heure actuelle les cadres d'une discussion fédérale-provinciale sur l'affectation des crédits du programme Canada au travail à des projets de gestion forestière;
- un comité de fonctionnaires a complété l'étude de différents mécanismes permettant de mettre en oeuvre la proposition de financement "global" des programmes dans le domaine de l'habitation et a fait rapport aux ministres responsables au fédéral et au provincial;
- le ministre de l'Emploi et de l'Immigration a pris des mesures pour donner suite à la priorité accordée par les Premiers ministres à la consolidation des programmes de formation et de placement de la main-d'oeuvre et à l'amélioration de la collaboration fédérale-provinciale en matière de création d'emplois et de perspectives de travail pour les jeunes;

En outre, le Premier ministre émet l'opinion que:

- les Premiers ministres devraient conserver comme cadre de leurs discussions sur les questions d'économie nationale l'élaboration d'une stratégie économique à moyen terme;

- une conférence fédérale-provinciale des ministres des Finances pourrait être utile pour faire le point sur la situation économique à court terme;
- l'on devrait poursuivre la recherche de moyens pour améliorer l'efficacité des mécanismes de relance de cette conférence, au fédéral comme au provincial.

La lettre à M. Davis comporte des remarques supplémentaires qui constituent une réponse directe à la lettre du 21 mars 1978 du Premier ministre ontarien sur la participation de l'Ontario au projet du pipeline du Nord, sur le pacte de l'automobile avec les États-Unis et sur le transport ferroviaire dans cette province.



PRIME MINISTER - PREMIER MINISTRE

Ottawa, K1A 0A2

April 10, 1973

My dear Premier:

In the Communiqué issued at the conclusion of the mid-February Conference, First Ministers agreed, among other things, that federal and provincial governments should continue to work together to improve demand management policies, to foster responsible price and incomes behaviour and to strengthen the business investment climate. We also agreed upon a number of measures which were directed toward the attainment of these ends.

I am certain all First Ministers would agree that the February discussions were useful, and though we did not accomplish all we had hoped, our deliberations did go some way toward ensuring greater public understanding of the economic problems we must face in the years ahead. Moreover, the more specific commitments entered into at the Conference have been well received by Canadians as indications of the determination of governments to undertake the difficult policy adjustments that are required to ensure economic growth in the medium to longer term.

The Honourable William G. Davis, Q.C.
Premier of Ontario
Parliament Buildings
Toronto, Ontario

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We have made a good start on a new process for concerted approaches to national economic matters and, I think this has stemmed to a substantial degree from the focus the Conference preparations and our discussions had on the development of a medium term economic strategy. Consequently, it would be useful, I believe, for First Ministers to maintain this framework for our future discussions of policies to deal with economic problems and opportunities. If this were to be done our November meeting, and similar conferences in future years, would not only assess progress on what was in train from previous discussions, but would also consider policy revisions and new initiatives in the light of revised medium term outlook papers.

It is clear, however, that we have only begun the task facing us and vigorous follow-up work must proceed as rapidly as possible, looking forward to and beyond our proposed November meeting. In this regard, a federal-provincial conference of Finance Ministers could be useful in late spring to reassess the short term economic situation, particularly in the light of the provincial and federal budgets which will have been brought down. Moreover, this meeting could examine the extent to which the government sector has been able, so far, to maintain the objective of expenditure restraint while concomitantly providing continued stimulus to economic recovery and increased employment. The Minister of Finance has engaged in a round of discussions with his provincial

counterparts on fiscal policy questions. I understand, as well, that he thinks it would be helpful - and hopes it would be possible - to find time to take a further look at certain structural problems, the solutions of which lie in large part within provincial jurisdiction.

Following the February Conference, I inquired whether it would be feasible for the Economic Council of Canada, in addition to its present statutory functions, to assume the responsibility for analyzing price and cost developments for a limited post-control period. Having ascertained that the Council could assume certain responsibilities, I then wrote a formal reference letter under Section 10 of the Economic Council of Canada Act. A copy of this letter is attached.

The Council will be assuming these responsibilities as a national task. It is highly desirable that it have the cooperation of provincial and local governments, as well as of business, labour and various other groups in the country. It will be particularly helpful if the Council could obtain for periods of time, on loan or exchange, some persons from the provincial public services as well as persons from the private sector. I would be grateful if you would raise this matter with your ministers and senior officials, giving a general blessing to the loan of some members of your public service. The Chairman of the Economic Council will, of course, have to negotiate with your officials, but it would be greatly appreciated if you could encourage co-operation.

In assuming the additional responsibilities for price, cost and productivity analysis, the Council will undoubtedly wish to develop a wide range of consultative and cooperative arrangements with your government. The Council's work is to be based upon publicly available information and voluntary cooperation. Effective arrangements to use the publicly available information without undue burden on your government and on the private sector will have to be developed. In addition, close contact will be required in identifying and studying important problem areas. I would be grateful if your ministers and your officials would also be encouraged to extend a welcome reception to the Council as it takes up these tasks. I would look to the Council to report to the next meeting of First Ministers on this new work.

I would like to inform you also of two other matters in relationship to the Council arising from the meeting of First Ministers. You will recall that the First Ministers agreed that the whole matter of economic regulation at all levels of government should be referred to the Economic Council for recommendations for action, in consultation with the provinces and the private sector. Steps are well advanced for consultation with your government on this matter and I seek your collaboration in developing the terms of reference as well as in the mounting of this major exercise in federal-provincial cooperation.

I want to report also that, though not specifically mentioned in our Communiqué, a joint federal-provincial government study of economic development of Newfoundland has been given to the Economic Council as a reference under the Council's Act.

Work is underway on the commitment to establish a system for the exchange of information on public sector compensation. Since the Conference, the federal Treasury Board has been in touch with the provincial agencies responsible for public sector wages and salaries, concerning the kind of compensation data that usefully could be passed between the two orders of government. In addition, information has been exchanged on an informal basis, between the federal Treasury Board and some of the provincial agencies concerned, on the status of public sector negotiations and it is expected that this action will be extended to include other provinces fairly soon.

Officials from the Departments of Finance and Energy, Mines and Resources have begun discussions on the resource taxation questions referred to in the Communiqué. Before initiating detailed federal-provincial discussions on this subject, however, we thought it would be appropriate to wait until all provincial budgets have been brought down.

On trade and industrial policy matters, the Minister of Industry, Trade and Commerce wrote to his provincial counterparts, inviting them to participate in the selection of 23 working groups

established to formulate plans of action to improve the economic performance of Canada's manufacturing, construction and tourist industries. The provinces, themselves, have been invited to participate in this work, along with leaders from business, labour and academic fields. It is hoped that the work of these groups will be completed by the end of June and that their conclusions will then be reviewed in early fall by federal and provincial Ministers of Industry and of Tourism.

As regards the MTN, Mr. Warren has begun a new round of consultations with the provinces to thoroughly review the trade negotiation issues of concern to each of them. This would include, of course, the discussion of those elements of foreign offers that are of particular interest to individual provinces.

I have been pleased to learn that some provincial action has already been initiated on the "Buy Canadian" campaign. As agreed by First Ministers, the campaign should be nationwide, of course. How the federal government might participate is still being studied here but the Department of Industry, Trade and Commerce would hope to be in touch with provinces soon to arrange for discussion of this matter; initially by officials and, perhaps later by ministers responsible for industry and commerce.

I was disappointed that the Conference was able to touch only briefly upon the need for a substantial increase in industrial research and development in Canada, especially within the private

sector. It is apparent that it is of utmost importance to ensure that an adequate level of such activity is achieved in Canada and I have been pleased to note that other governments share this concern. This problem and the various approaches which might be taken to it, would seem to be an appropriate matter for more federal-provincial discussion than has been the case in the past. Consequently, on the assumption that provinces would generally agree, I have asked Mr. Judd Buchanan, Minister of State for Science and Technology, to take the lead on the federal side in arranging such discussions with his provincial counterparts, looking toward proposals for consideration by First Ministers in November. Those provincial ministers or agencies concerned with industrial research are not readily apparent in all cases. Therefore, if you wish to have someone from your province participate, would you, or your officials, please let Mr. Buchanan know which minister or agency within your government should be the official contact for this matter.

One approach to this problem which seemed to draw unanimous support from provincial First Ministers was the use of tax incentives. Therefore, this possibility is being reviewed here as part of a more general examination of the role of research and development in economic development and of appropriate ways to bring about an increase in this activity on the part of the private sector.

Progress has also been made with respect to certain of the energy projects included in the list of major capital projects attached to the Communiqué. First, the federal government has

indicated its readiness to provide financial support for Phase II of the design study for tidal power development. Secondly, as you may recall, Newfoundland and Canada have agreed in principle to establish a Lower Churchill Development Corporation that will deal with, among other things, outstanding engineering, marketing, financing and construction questions pertaining to the Gull Island hydro project on the Lower Churchill River. Thirdly, there have been further consultations between governments and with industry regarding additional energy projects in western Canada. Finally, the Northern Pipeline Act has been passed and there is every indication that procurement for and construction of this project will proceed on schedule.

Much joint work was already underway in the agricultural area before the February Conference and planning activities are being carried forward on the development of accords respecting some of the priority issues, (e.g. harmonization of stabilization programs) identified in our Communiqué.

On the question of fisheries, we agreed that this could be an area of significant growth in the years ahead if the development and harnessing of the resource is planned carefully. It will be important, in this regard, to ensure that catching and processing capacity is matched to the resource potential and available marketing opportunities. Mr. LeBlanc will be writing soon to suggest the creation of an Atlantic Fisheries Ministers' Committee which would meet on a regular basis to work on the preparation of clearly defined goals and plans for Canada's Atlantic fisheries. The

creation of such a committee should contribute significantly to the establishment of closer federal-provincial working relationships in this sector. Discussions are also in progress, I understand, between federal fisheries representatives and their counterparts in British Columbia on a number of issues related to the Pacific fisheries.

There was acceptance at the Conference of the need to implement improved forestry management practices and it was noted that related programs could lead to substantial increases in job opportunities. I understand, in this regard, that the Departments of Fisheries and Environment, Employment and Immigration, and Regional Economic Expansion are cooperating in developing criteria to govern the use of Canada Works funds for forest management projects. These guidelines should be ready shortly for federal-provincial discussion.

As you know, federal and provincial ministers responsible for housing met at the beginning of February for preliminary discussions on the proposal for "global" funding of housing programs. Ministers at that time agreed that a committee of officials examine ways of developing alternative mechanisms for implementing this proposal. It is my understanding that this committee has recently reported to federal and provincial ministers responsible for housing, outlining its conclusions regarding, among other matters, the global funding proposal.

Mr. Cullen wrote to his provincial counterparts on manpower matters at the end of January and I am pleased to note, as well, that federal and provincial deputy ministers responsible for employment and training met recently in Toronto to review policies and activities in the areas of manpower training, job creation, youth unemployment and labour market oriented immigration.

Mr. Cullen and the Employment and Immigration Commission are taking steps which are substantially in line with the First Ministers' undertaking to give high priority to strengthening manpower training and placement programs and to the improvement of federal and provincial collaboration on the problem of youth employment. Mr. Cullen's letter, as well, commits the federal government to a very extensive program of federal-provincial consultation and cooperation in a number of manpower and employment areas. The Department of Employment and Immigration, the Department of Labour and Treasury Board are also reviewing federal programs in relation to the other priority needs identified by First Ministers, i.e. employment of women, laid-off workers, disadvantaged groups, etc. Finally, work is proceeding on plans to use the Unemployment Insurance Program in support of job creation. However, progress here will be slow in view of the complexities involved. Each step must be tested carefully to avoid violation of insurance concepts and to ensure the most appropriate use of the funds.

At the end of our meeting, we did not find time to discuss the question of federal-provincial mechanisms for follow-up to the Conference. We are, of course, continuing to review possible changes in this regard, but it is thought that First Ministers would not wish to press ahead on a decision respecting new permanent mechanisms, especially in connection with the plenary conference itself, without ensuring that we were reasonably certain that the longer term results would be helpful. In the meantime, we have in place the First Ministers' and the Ministers' of Finance Conferences as well as the other federal-provincial ministerial fora in the main economic areas of concern to both orders of government. Improvements on the existing system are certainly possible and I think we should continue to search for new institutional arrangements. In this search, however, we should not lose sight of the fact that the present mechanisms have proven to be useful in the past and can be made even more effective in the future, assuming we retain the search for a medium term strategy as a framework for federal-provincial economic discussions.

We did agree, of course, that we should meet again in November to assess progress on the commitments jointly undertaken in February and to give further direction to policy development designed to promote economic recovery and growth. In addition, I understand officials from the Federal-Provincial Relations Office met on March 10th with their provincial counterparts as part of the follow-up to the February Conference and that they intend to meet again late in June to assess progress on preparations for our November meeting.

The preceding paragraphs (which are being included in letters to all provincial First Ministers) deal in some measure with many of the points raised in your telex to me of March 21, 1978. However, I have additional comments, in the paragraphs below, respecting aspects of some of the matters raised in your letter which are of specific concern to Ontario.

We share your concern about increasing the effectiveness of job creation programs and Mr. Cullen's telex and letter to you of January 30th, and February 27, 1978 respectively indicate that the federal government has already moved to significantly reorient the Canada Works Program toward the support of activities with longer term economic impact and benefit. This is also reflected in the establishment, for the 1978/79 fiscal year, of an Economic Growth Component of the Canada Works Program whereby funds are being provided for the initiation and support of activities designed to increase the stock of permanent jobs in the private sector. These and other recent changes in our job creation programs include reasonably flexible allocation processes to allow responses in harmony with local needs and provincial priorities.

We are, of course, willing to discuss with provinces possible additional uses of Canada Works funds. Indeed, following the identification by First Ministers of forest management as an area which would warrant such examination, we have begun discussions of this particular possibility with Ontario and a number of other provinces.

You also observe in your letter that a source of underutilized fiscal resources for combatting unemployment may be Unemployment Insurance benefits. As you are aware, the federal government has already taken steps to make more flexible and developmental use of these funds in the areas of training and work sharing. We also have been examining the potential for the use of these resources in support of job creation and work is now underway with the Province of Nova Scotia to attempt to test this concept on a major forestry project. The Commission is, of course, ready to discuss the possibility of Ontario projects with your officials, if you wish.

We are continuously examining and re-evaluating our employment services and delivery systems to find ways to improve efficiency and effectiveness in matching people with jobs. Indeed, we have already acted, in this regard, through such measures as integrating the Unemployment Insurance offices and the Canada Manpower Centres, and through upgrading of counselling and other services provided by these "one stop" employment centres. You also may be aware that the Senate has recently completed a major study in this area and that its recommendations very largely have been accepted and are being implemented.

The effectiveness of any employment service depends upon the nature and quality of the job vacancies it has to work with. Unfortunately, though the national employment service has virtually all our unemployed as clients, it registers

only some 30-35% of total job vacancies. Clearly, to make our employment service more effective, it must have a much broader range of job vacancies open to it. In this connection, I understand Mr. Cullen wrote you in response to your presentation to the First Ministers' Conference, suggesting that he would welcome an arrangement with Ontario in which government job vacancies would be registered in our employment centres. There are, undoubtedly, many other measures which could be explored with a view to ensuring a more effective co-ordination of federal and provincial initiatives directed toward the provision of a better employment service for Canadian workers and employers and any suggestions in this regard would be welcome.

In recognition of the economic and social significance of youth unemployment, the federal government has introduced a broad range of initiatives aimed at improving employment opportunities of young people. In fact, over \$650 million was spent on youth in 1977-78 in the areas of student job programs, counselling, placement, training and job creation. Moreover, at the March 20-22 Federal-Provincial Conference of Deputy Ministers noted above, Mr. Jack Manion, Chairman of the Employment and Immigration Commission, urged further collaboration and co-operation between provincial and federal authorities in the area of youth employment programs. At this meeting, emphasis was given to the need to harmonize federal and provincial youth programs to prevent program overlap, to remove any suggestion of competitiveness, and to ensure that the return on each youth employment dollar spent is maximized.

I understand there is already close co-operation between the Commission and your government on youth employment matters; i.e. the Commission was involved in the development of the Ontario youth employment program, a co-operative education agreement has been signed with the Province of Ontario, and the Commission participates in discussions of youth employment matters with the Ontario Youth Secretariat. The federal government is pleased with this development and is anxious to extend the approach into other areas where Canada and Ontario could collaborate more fully in the alleviation of youth employment problems.

As regards Ontario's participation in the Northern Pipeline, I understand the general guidelines, which will be applied to procurement for this project, have been made available to Ontario officials. We will be pleased, of course, to continue to have federal and provincial officials continue to work together to identify potential Canadian sources of supply. Provincial views will also be solicited when the pipeline company presents its procurement plan for the approval of the Northern Pipeline Agency and the government.

In your telex you reexpressed concern about the slow progress apparently being made in "... gaining a fair share of jobs and investments ..." in the automotive industry. A copy of your telex was, of course, sent to the Minister of Industry, Trade and Commerce and his department will certainly keep your views in mind in related discussions with the industry and with U.S. officials.

We are very determined to ensure that Canada receives the share of future automobile industry investment and employment to which it is entitled. However, the Automotive Agreement does not include a provision respecting "fair shares", as such. Rather, it states that market forces should determine the pattern of production trade and investment. In this regard, while Canadian automotive production as a percentage of North American production has levelled out, the Canadian market as a percentage of the North American market is continuing to grow. This gives us good grounds to argue for increasing investments here. Unfortunately, Canada's employment in the industry, though substantial, is not sufficiently in the production of high technology products and this is where we must do better. As you probably know, Mr. Horner recently discussed these matters with Mr. Rhodes in the hope of more effectively concerting our efforts to attract automotive industry investments. I look forward to a favourable response to Mr. Horner in this regard.

With respect to your comments on transportation, we welcome your interest in speeding up the building of grade separations and grade crossings in the province. As regards the federal government's railway improvement program, there is, as you know, a commitment to improve overall rail passenger services in Canada. In this connection, there have been discussions with the Ontario government about improvements to the Quebec-Windsor corridor and there is a consultants' report concerning improved rail services between Toronto and Windsor which is presently being reviewed within Transport

Canada. It is, of course, difficult at this stage to determine what effect rail improvement initiatives could have on reducing unemployment in the province. I would, nevertheless, like to assure you that your comments in this regard will be seriously considered by the Minister of Transport.

In concluding this letter, I would like to reiterate that I believe we have made a good start in our attempts to deal with mid-term economic problems and to encourage and provide incentives to industry to ensure that Canada will be able to take maximum advantage of available opportunities in the years ahead. I am sure all First Ministers would agree, as well, that the success we are working for can only be attained by continued co-operation and hard work by all the federal and provincial ministers and officials concerned.

Sincerely,



PRIME MINISTER - PREMIER MINISTRE

Ottawa K1A 0A2

March 15, 1978

Dear Dr. Ostry:

I am writing to ask that the Economic Council of Canada take on certain responsibilities for analysis of inflation and productivity developments in the period after April 14, 1978, and to set out the conditions and limitations of this reference.

Following extensive discussion and consultation among the federal government, business and labour, and extensive federal-provincial discussions, the First Ministers on February 15, 1978 agreed:

That the Economic Council of Canada in addition to its present statutory functions be requested, if feasible, to assume the responsibility for analyzing price and cost developments for a limited post-control period. Its function would be to inform the public and draw public attention to cost or price developments which appear to threaten the national economic objectives. It would also have a research and educational role in the improvement of productivity.

. . . 2

Dr. Sylvia Ostry,
Chairman of the Economic Council of Canada,
Vanier, Ontario.

The Council has a broad responsibility to advise and recommend on how Canada can achieve the highest standards of economic performance. The Council conducts studies, inquiries and other undertakings, and has the responsibility to report on, advise or make recommendations to governments and to the public. The Council has duties also to promote advances in efficiency of production in all sectors of the economy.

The Council has built up a reputation with the public over the last fifteen years for objective forthright analysis and advice over a wide range of economic issues. You, Dr. Ostry, have undertaken to build on these foundations and enhance that reputation. The government has indicated strong support for the Council's work. We particularly look to the Council as a major contributor to the analysis, education and advice to the public and to governments on a wide range of economic issues for Canada. We are particularly anxious that the Council continue to develop its role as a competent, objective, trustworthy source of information and analysis for the general public and for specialized audiences.

The responsibility for inflation analysis which the First Ministers asked the Council to consider involves two somewhat distinct but interrelated functions. The first is the careful observation of general trends in price and costs, and the analysis, education and advice regarding these trends in relationship to the economic objectives of the country. The second function is the surveillance of those particular cases of increases in price, wages or other incomes which are thought likely to have important spillover or pacesetting effects, constituting threats to the national economic objectives. While the first of these functions involves study at an overall and sectoral level, the second function involves the study of certain individual price and cost developments.

After preliminary discussions with you and other considerations of the matters, we are in general agreement that the analysis of trends of inflation and productivity can be carried out by the Economic Council in a way which is consistent with and indeed enhances the ability of the Council to discharge its mandate within the limits which are indicated below. It would, in addition, be desirable that the Council carry on some surveillance of individual increases in prices and costs which appear to threaten the national economic objectives, insofar as information is available to carry out this function. The Council would be expected to do its work on the basis of public information and voluntary co-operation.

Because of the potential importance of an individual price or cost increase and the need for information which is not publicly available, however, it may be considered by the Council or the government that a special inquiry into a particular case is warranted. It is recognized that the carrying on of such special inquiries into individual price or cost increases under the powers of the Inquiries Act may be needed from time to time, but that such special inquiries would not be appropriately carried out by the Council itself. Such special inquiries would, however, be facilitated by the assistance provided from the Council's ongoing analyses and staff support.

On this basis and pursuant to Part 10 of the Economic Council of Canada Act, I therefore request that the Council undertake a specific responsibility for analyzing price and cost developments in the national economy. More particularly under this reference, the Council would exercise the following duties, subject to the description and limitations set out above:

- (a) publish studies and reports on general developments affecting prices, incomes or productivity;
- (b) monitor changes in prices, incomes or productivity and determine and analyze the reasons for such changes;

- (c) inquire into the structure and operation of markets and recommend possible improvements that would contribute to lower rates of inflation or increased productivity;
- (d) advise on developments affecting prices, incomes, or productivity in specific instances with a view to minimizing any detrimental effects of such developments;
- (e) publish reports on developments affecting prices, incomes or productivity in specific instances that, in its opinion, have or are likely to have a significant impact on the economy of Canada; and
- (f) recommend to the government the consideration of a special inquiry into particular cases which appear to threaten the national economic objectives, when the Council's studies so indicate.

The Council is asked to undertake these particular duties for a period of two years, after which the government and the Council should evaluate the activity with a view to determining its extension, modification or termination.

You should discuss with the Treasury Board the provision of the additional resources which the Council will require in order to carry out these additional duties.

Sincerely,

A handwritten signature in dark ink, appearing to read "G. L. Man". The signature is fluid and cursive, with a large loop at the beginning and a long, sweeping tail that extends to the right.



PRIME MINISTER · PREMIER MINISTRE

Ottawa, K1A 0A2
le 10 avril 1978

Monsieur le Premier ministre,

Dans le communiqué publié à l'issue de la Conférence de la mi-février, les Premiers ministres ont convenu, notamment, que les gouvernements fédéral et provinciaux devraient continuer de collaborer dans les secteurs suivants: amélioration des politiques touchant la gestion de la demande, encouragement des comportements responsables dans le domaine des prix et des salaires, amélioration du climat des investissements commerciaux. Nous avons également convenu d'un certain nombre de mesures qui devraient permettre d'atteindre ces objectifs.

Je suis assuré que tous les Premiers ministres reconnaîtront que les discussions de février ont été utiles et que, même si nous n'avons pas accompli tout ce que nous avons pu espérer, nos délibérations ont permis dans une certaine mesure de mieux faire comprendre à la population les problèmes économiques

L'honorable William G. Davis, c.r.
Premier ministre de l'Ontario
Palais de la Législature
Toronto, Ontario

auxquels nous devons faire face au cours des prochaines années. Bien plus, le monde des affaires et d'autres secteurs ont vu dans les engagements particuliers pris au cours de cette Conférence autant de preuves de la détermination des gouvernements de procéder aux difficiles ajustements de politiques qui sont nécessaires pour assurer la croissance économique à moyen et à long terme.

Nos nouvelles approches concertées face aux questions d'économie nationale se sont jusqu'ici avérées efficaces, et je crois que cela est attribuable, dans une large mesure, au fait que les préparatifs pour la conférence, ainsi que nos discussions furent axées surtout sur l'élaboration d'une stratégie économique à moyen terme. Il serait donc utile, selon moi, que les Premiers ministres retiennent cette méthode pour les discussions que nous aurons à l'avenir sur les politiques traitant de problèmes et de perspectives d'ordre économique. Si nous nous en tenions à cette méthode, notre réunion de novembre et les conférences semblables des prochaines années nous permettraient, non seulement d'évaluer les progrès accomplis dans les projets émanant des discussions précédentes, mais aussi d'envisager les révisions des politiques et les nouvelles initiatives à la lumière de documents révisés sur les perspectives à moyen terme.

Il est clair, cependant, que nous avons tout juste entamé les tâches qui nous attendent et que nous devons nous efforcer de donner suite aussitôt

que possible aux engagements pris, en vue de notre réunion prévue pour novembre. A cet égard, il serait peut-être utile de tenir une conférence fédérale-provinciale des ministres des Finances vers la fin du printemps afin de réévaluer la conjoncture économique à court terme, compte tenu surtout des budgets provinciaux et fédéraux qui auront alors été présentés. En outre, les ministres pourraient chercher à déterminer, au cours de cette conférence, dans quelle mesure le secteur gouvernemental a réussi jusqu'ici à atteindre l'objectif de réduire les dépenses, tout en continuant de favoriser la reprise de l'économie et la création d'emplois. Le ministre des Finances a entamé une série de discussions avec ses homologues provinciaux sur des questions de politique fiscale. Je crois aussi savoir que monsieur Chrétien estime qu'il serait utile - et, il espère, possible - de prendre le temps d'examiner plus à fond certains problèmes structureaux dont la solution relève essentiellement des autorités provinciales.

A la suite de notre Conférence de février, je me suis informé sur la possibilité que le Conseil économique du Canada assume, outre ses responsabilités statutaires, celle d'analyser l'évolution des prix et des coûts pour une période de temps limitée après la levée des contrôles. Après m'être assuré que le Conseil pouvait en effet se charger d'une telle

responsabilité, j'ai alors écrit à la Présidente du Conseil une lettre officielle à cet effet, en vertu de l'article 10 de la Loi sur le Conseil
-- économique du Canada. Vous trouverez copie de cette lettre sous ce pli.

Le Conseil assumera cette responsabilité à l'échelle nationale. Il est hautement souhaitable qu'il puisse compter sur la coopération tant des gouvernements provinciaux et locaux que du monde des affaires et du travail, ainsi que de divers autres groupements au pays. Il serait particulièrement utile que le Conseil puisse obtenir des fonctions publiques provinciales et du secteur privé, les services de personnes qui seraient prêtées ou échangées pour un temps déterminé. Je vous saurais gré de bien vouloir porter cette suggestion à l'attention de vos ministres et hauts fonctionnaires, en accordant votre appui personnel à l'idée d'un tel prêt de certains de vos fonctionnaires. Il reviendra bien sûr à la Présidente du Conseil de négocier une entente avec vos fonctionnaires, mais votre appui à ce genre de coopération serait grandement apprécié.

En assumant ces nouvelles responsabilités en matière d'analyse des prix, des coûts et de la productivité, le Conseil voudra sans doute élaborer une gamme d'arrangements consultatifs et coopératifs avec votre gouvernement. Son travail devra se fonder sur la coopération volontaire et sur des renseignements

qui sont déjà publiés. Il faudra mettre au point des méthodes efficaces qui permettront l'accès à de tels renseignements, sans imposer de fardeau inutile à votre gouvernement et au secteur privé. En outre, il faudra établir des rapports étroits afin de pouvoir identifier puis étudier les problèmes les plus importants. Enfin, je vous serais reconnaissant de bien vouloir encourager vos ministres et fonctionnaires à réserver au Conseil un accueil ouvert lorsqu'il entreprendra ses travaux. J'espère d'ailleurs que le Conseil pourra présenter un rapport sur ses nouvelles tâches à la prochaine conférence des Premiers ministres.

J'aimerais vous informer en outre sur deux autres sujets qui touchent le Conseil et dont l'origine remonte à notre réunion de février. Vous vous souviendrez qu'à ce moment les Premiers ministres ont convenu que toute la question de la réglementation économique par les divers paliers de gouvernement serait renvoyée au Conseil économique, avec mandat de recommander une ligne d'action en consultation avec les provinces et le secteur privé. Des mesures ont déjà été prises afin de vous consulter à ce sujet. J'apprécierais votre collaboration pour définir le mandat du Conseil sur cette question de la réglementation et mettre sur pied cet important exercice de coopération fédérale-provinciale. Enfin, je voudrais vous faire savoir, bien que notre communiqué n'en fasse pas mention explicitement, qu'une étude fédérale-provinciale sur le développement économique de Terre-Neuve a également été confiée au Conseil en vertu de la Loi qui le régit.

Les travaux concernant l'établissement d'un mécanisme d'échange de renseignements sur la rémunération dans le secteur public ont été amorcés. Depuis la Conférence, le Conseil du Trésor fédéral a, semble-t-il, examiné avec les organismes provinciaux responsables des salaires dans le secteur public quel genre de données les deux paliers de gouvernement gagneraient à échanger dans le domaine de la rémunération. En outre, le Conseil du Trésor fédéral et certains organismes provinciaux intéressés ont procédé, à titre non officiel, à des échanges de renseignements sur l'état des négociations dans le secteur public, et l'on prévoit que cette formule sera bientôt étendue à d'autres provinces.

Les fonctionnaires du ministère des Finances et du ministère de l'Energie, des Mines et des Ressources ont entamé des discussions sur les questions d'imposition des ressources mentionnées dans le communiqué. Nous avons cru qu'avant de nous engager dans des discussions fédérales-provinciales plus poussées, il serait préférable d'attendre que tous les budgets provinciaux aient été déposés.

Dans le domaine des politiques industrielles et commerciales, le ministre de l'Industrie et du Commerce a écrit à ses homologues provinciaux pour les inviter à participer au choix des membres de 23 groupes de travail dont le mandat est de formuler des plans d'action visant à améliorer le rendement

économique des industries canadiennes de la fabrication, de la construction et du tourisme. Les provinces, comme telles, ainsi que les dirigeants du monde des affaires, des syndicats et du secteur de l'enseignement ont été invités à participer à cette tâche. On espère que ces groupes termineront leur travail vers la fin de juin et que les ministres fédéral et provinciaux de l'Industrie et du Tourisme pourront examiner leurs conclusions au début de l'automne.

Pour ce qui est des négociations commerciales multilatérales, monsieur Warren a entrepris une nouvelle série de consultations auprès des provinces afin d'examiner à fond les aspects des négociations commerciales qui les touchent chacune de plus près. Il sera évidemment question des offres étrangères qui sont d'un intérêt particulier pour certaines provinces.

J'ai appris avec plaisir que certaines mesures ont déjà été prises à l'échelle provinciale en ce qui concerne la campagne d'"achat de produits canadiens". Comme en ont convenu les Premiers ministres, cette campagne devrait naturellement être menée à l'échelle nationale. Nous sommes encore à déterminer la forme que pourrait prendre la participation du gouvernement fédéral, mais le ministère de l'Industrie et du Commerce espère être en mesure d'entreprendre bientôt des discussions à ce sujet,

d'abord avec les fonctionnaires et, peut-être plus tard, avec les ministres de l'Industrie et du Commerce.

La nécessité d'accroître considérablement la recherche et le développement dans l'industrie du Canada, en particulier au sein du secteur privé, n'a été abordée que très brièvement lors de notre Conférence, et cela m'a déçu. De toute évidence, il importe au plus haut point que nos efforts dans ce domaine atteignent un niveau convenable, et j'ai été heureux de noter que d'autres gouvernements partageaient cette préoccupation. Ce problème et les diverses façons dont il conviendrait de l'aborder me semblent donc un sujet qui mériterait plus amples discussions que par le passé entre les gouvernements fédéral et provinciaux. Par conséquent, en me fondant sur l'hypothèse que l'ensemble des provinces seraient d'accord, j'ai demandé à monsieur Judd Buchanan, ministre d'Etat chargé des Sciences et de la Technologie, de prendre l'initiative au nom du gouvernement fédéral et d'entamer des discussions avec ses homologues provinciaux en vue d'en arriver à des propositions qui pourraient nous être soumises lors de la conférence des Premiers ministres en novembre. Il n'est cependant pas toujours facile d'identifier clairement les ministres et les organismes provinciaux qui s'intéressent aux problèmes de la recherche. Par

conséquent, si vous désirez qu'un représentant de votre province participe à ces discussions, je vous demanderais, à vous ou à vos fonctionnaires, de faire connaître à monsieur Buchanan le nom du ministre ou de l'organisme qui, au sein de votre gouvernement, devrait être l'intermédiaire officiel pour ces questions.

Les Premiers ministres provinciaux ont semblé appuyer à l'unanimité l'idée d'aborder ce problème par le biais de déductions fiscales. Par conséquent, nous examinons, de notre côté, cette possibilité dans le cadre d'une étude plus générale sur le rôle de la recherche et du développement dans la croissance économique et les façons les plus appropriées d'amener le secteur privé à consacrer plus de ressources à cette activité.

On remarque déjà des progrès vers l'exécution de certains travaux dans le domaine de l'énergie inscrits sur la liste des grands projets jointe au communiqué. Premièrement, le gouvernement fédéral s'est dit prêt à fournir une aide financière pour réaliser la seconde étape de l'étude technique sur l'exploitation de l'énergie marémotrice. Deuxièmement, comme vous vous en souvenez sans doute, les gouvernements de Terre-Neuve et du Canada ont conclu un accord de principe sur l'établissement de la Société de développement du cours inférieur du fleuve

Churchill, qui se chargera, entre autres, de la conception technique, de la commercialisation, du financement et de la construction du projet hydro-électrique de Gull Island sur le cours inférieur du fleuve Churchill. Troisièmement, il y a eu d'autres consultations entre les gouvernements et l'industrie concernant des projets additionnels dans le domaine de l'énergie dans l'Ouest du Canada. Enfin, la Loi sur le pipe-line du Nord a été adoptée et tout indique que les travaux d'approvisionnement et de construction reliés à ce projet respecteront le calendrier établi.

Dans le secteur agricole, plusieurs travaux conjoints étaient déjà en cours avant la Conférence, et l'on poursuit actuellement la planification des étapes devant mener à la conclusion d'accords sur certaines des priorités énoncées dans notre communiqué (l'harmonisation des programmes de stabilisation, par exemple).

En ce qui concerne les pêcheries, nous avons convenu que ce secteur pourrait connaître un essor important dans les années à venir si l'exploitation et l'aménagement des ressources étaient planifiés minutieusement. Il importera, à cet égard, de veiller à ce que les capacités de pêche et de traitement soient proportionnées aux ressources et aux possibilités de commercialisation. Monsieur LeBlanc proposera bientôt, par écrit, la formation d'un comité des ministres des Pêches de l'Atlantique qui se réunirait régulièrement afin de travailler

à l'élaboration d'objectifs et de programmes bien définis concernant la pêche dans l'Atlantique canadien. La création d'un tel comité pourrait contribuer dans une large mesure à consolider les relations de travail fédérales-provinciales dans ce secteur. D'autre part, je crois savoir que des fonctionnaires du ministère fédéral des Pêches et leurs homologues de la Colombie-Britannique ont entamé des discussions sur un certain nombre de questions touchant la pêche sur la côte du Pacifique.

Nous sommes tombés d'accord, à la Conférence, sur la nécessité d'appliquer de bonnes méthodes de gestion forestière, et nous avons constaté que les programmes connexes pourraient favoriser un accroissement considérable des possibilités d'emplois. A cet égard, je crois savoir qu'à l'heure actuelle le ministère des Pêches et de l'Environnement, celui de l'Emploi et de l'Immigration et celui de l'Expansion économique régionale élaborent conjointement des critères qui régiront l'affectation des crédits du programme Canada au Travail à des projets de gestion forestière. Ces critères devraient être bientôt soumis à l'étude conjointe des gouvernements fédéral et provinciaux.

Comme vous le savez, les ministres fédéral et provinciaux responsables de l'habitation se sont rencontrés au début de février et ont amorcé l'étude de la proposition concernant le financement "global" des programmes relatifs à leur secteur. Ils ont alors convenu qu'un comité de fonctionnaires

examine des méthodes visant à élaborer d'autres mécanismes permettant la mise en oeuvre de cette proposition. Je crois savoir que ce comité a récemment présenté aux ministres fédéral et provinciaux responsables de l'habitation, un rapport exposant ses conclusions à l'égard, entre autres, de la proposition de financement global.

A la fin de janvier, monsieur Cullen a écrit à ses homologues provinciaux au sujet de certaines questions concernant la main-d'oeuvre, et j'ai plaisir à signaler également que les sous-ministres fédéraux et provinciaux responsables du programme d'emploi et de formation se sont réunis dernièrement à Toronto afin d'étudier les politiques et les activités reliées à la formation de la main-d'oeuvre, à la création d'emplois, au chômage chez les jeunes et à l'immigration axée sur le recrutement de travailleurs.

Monsieur Cullen et la Commission de l'Emploi et de l'Immigration sont à prendre des mesures qui, pour une grande part, sont conformes à l'engagement qu'ont pris les Premiers ministres d'accorder la priorité à la consolidation des programmes de formation et de placement de la main-d'oeuvre et à l'amélioration de la collaboration entre les gouvernements fédéral et provinciaux en ce qui concerne le chômage chez les jeunes. Dans sa lettre, monsieur Cullen mentionne aussi que le gouvernement fédéral a pris l'engagement d'appliquer un très vaste programme de consultation et de collaboration fédérales-provinciales à un grand nombre de domaines touchant la main-d'oeuvre et l'emploi. Le ministère de l'Emploi et de l'Immigration, le ministère du Travail et le Conseil du Trésor examinent,

pour leur part, certains programmes fédéraux en fonction des autres priorités signalées par les Premiers ministres, soit les femmes sur le marché du travail, les travailleurs touchés par des mises à pied, les groupes défavorisés, etc. Enfin, des travaux sont actuellement en cours en vue d'utiliser le régime d'assurance-chômage pour aider à la création d'emplois, mais les progrès seront lents dans ce domaine à cause de la complexité qui le caractérise. Chaque étape du projet doit être minutieusement éprouvée pour éviter que les principes du régime d'assurance ne soient violés et pour qu'on fasse le meilleur usage possible des fonds de ce programme.

A la Conférence, nous n'avons pas eu le temps d'aborder la question des mécanismes de relance fédéraux-provinciaux. Bien sûr, nous continuons d'étudier les changements possibles à cet égard, mais nous croyons que les Premiers ministres ne souhaiteront pas brûler des étapes et prendre une décision sur l'établissement de nouveaux mécanismes permanents, particulièrement en ce qui a trait à la Conférence plénière elle-même, sans s'assurer que nous sommes justement convaincus de l'utilité à long terme de ces mesures. En attendant, nous avons déjà les Conférences des Premiers ministres et celles des ministres des Finances, ainsi que les autres tribunes ministérielles fédérales-provinciales où l'on traite des principales questions d'ordre économique qui préoccupent les deux paliers de gouvernement. Il est certainement possible d'améliorer

le régime actuel et je crois que nous devons continuer de rechercher de nouvelles ententes institutionnelles. Toutefois, nous ne devons pas oublier que les mesures actuelles ont fait leur preuve dans le passé et qu'elles peuvent être encore plus efficaces dans l'avenir, pour autant que les discussions fédérales-provinciales dans le domaine économique s'inscrivent dans le cadre de la définition d'une politique à moyen terme.

Nous avons convenu, bien sûr, de nous réunir à nouveau en novembre afin d'évaluer les mesures que nous aurons prises pour donner suite à nos engagements conjoints de février et de réorienter le processus d'élaboration des politiques nationales destinées à favoriser la reprise et la croissance économiques. De plus, je constate que des fonctionnaires du Bureau des relations fédérales-provinciales et du ministère des Finances ont rencontré leurs homologues provinciaux le 10 mars dernier, afin de faire le point sur la Conférence de février, et qu'ils comptent se réunir à nouveau à la fin juin pour voir où en sont les préparatifs de notre réunion de novembre.

Dans les alinéas ci-dessus (que j'ai inclus dans les lettres adressées à tous les Premiers ministres provinciaux), j'aborde plus ou moins brièvement bon nombre des questions soulevées dans le téléx que j'ai reçu de vous le 21 mars 1978. J'ajoute maintenant quelques observations sur divers aspects de certains points soulevés dans votre lettre et d'intérêt particulier pour l'Ontario.

Comme vous, nous cherchons à rendre plus efficaces les programmes de création d'emplois; d'ailleurs, monsieur Cullen vous a informé, dans le télex et la lettre qu'il vous a adressés les 30 janvier et 27 février 1978 respectivement, que le gouvernement fédéral a déjà proposé des mesures en vue d'imprimer au Programme Canada au travail une nouvelle orientation de nature à favoriser les initiatives qui comportent une incidence et des avantages économiques à long terme. Cette décision s'est d'ailleurs concrétisée par l'addition à ce programme, pour l'année financière 1978-1979, de l'élément "croissance économique" qui permet d'offrir une aide financière au titre de la mise en train et de l'appui d'initiatives destinées à augmenter le nombre des emplois permanents dans le secteur privé. Ces changements, ainsi que d'autres apportés récemment à nos programmes de création d'emplois, comportent des formules d'affectation de fonds assez souples pour répondre aux besoins locaux et aux objectifs prioritaires des provinces.

Naturellement, nous sommes disposés à examiner avec les provinces quels seraient les autres secteurs où pourraient être utilisés les crédits de Canada au travail. Ainsi, comme les Premiers ministres ont proposé que la gestion des richesses forestières soit considérée comme l'un de ces secteurs, nous avons amorcé l'étude de cette possibilité avec l'Ontario et quelques autres provinces.

Vous me soulignez d'autre part dans votre lettre que l'une des ressources financières mal employées serait peut-être les crédits versés au titre de l'assurance-chômage. Comme vous le savez, le gouvernement fédéral a déjà pris des mesures afin de rendre plus souple l'utilisation de ces crédits et de pouvoir les affecter plus facilement à de nouveaux usages, comme la formation et le partage des emplois. Nous avons également examiné les possibilités d'utilisation de ces ressources pour la création d'emplois et l'on s'apprête, de concert avec la Nouvelle-Ecosse, à appliquer ce principe à un important programme d'exploitation forestière. La Commission, il va sans dire, est prête à examiner avec vos fonctionnaires, si vous le désirez, la possibilité de mettre en oeuvre des projets en Ontario.

Nous examinons et réévaluons sans cesse nos services d'emploi et nos systèmes de prestation afin de trouver des moyens de rendre plus efficaces nos efforts en vue d'apparier travailleurs et emplois, et d'améliorer le rendement sur ce plan. Ainsi, nous avons déjà pris certaines mesures à cet égard, notamment l'intégration des bureaux de l'assurance-chômage et des centres de main-d'oeuvre, et l'amélioration des services d'orientation et autres fournis par ces centres d'emploi intégrés. De plus, vous savez sans doute que le Sénat vient de terminer une importante étude en ce domaine et que la plupart de ses recommandations ont été acceptées et sont mises en oeuvre graduellement.

L'efficacité de tout service d'emploi dépend de la nature et de la qualité des postes vacants qu'on lui signale. Malheureusement, même si le service national d'emploi a presque tous les chômeurs canadiens comme bénéficiaires, seulement 30 à 35 pour cent des postes vacants lui sont rapportés. Il est évident que, pour rendre ce service plus efficace, il faudrait lui confier la responsabilité de combler un éventail beaucoup plus grand de postes. A cet égard, on m'apprend que monsieur Cullen vous a écrit, en réponse à votre intervention à la Conférence des Premiers ministres, et se dit favorable à la conclusion, avec l'Ontario, d'une entente selon laquelle les postes vacants au sein de la Fonction publique provinciale seraient inscrits dans nos centres d'emploi. Nul doute qu'il y aurait beaucoup d'autres moyens de nature à permettre de coordonner plus efficacement les initiatives fédérales et provinciales destinées à améliorer le service d'emploi offert aux travailleurs et employeurs canadiens. Nous serons heureux de recevoir toute proposition à ce sujet.

Reconnaissant la partie économique et sociale du chômage chez les jeunes, le gouvernement fédéral a pris des initiatives variées afin d'augmenter pour eux les possibilités d'emploi. C'est ainsi qu'en 1977-1978, plus de 650 millions de dollars ont été affectés à divers programmes d'emploi, d'orientation, de placement, de formation et de création d'emplois pour étudiants. De plus, à la conférence fédérale-provinciale des sous-ministres, tenue du 20 au 22 mars et mentionnée ci-dessus, monsieur J. Manion,

président de la Commission de l'emploi et de l'immigration, a exhorté les autorités provinciales et fédérales à collaborer davantage en matière de programmes d'emploi pour les jeunes. A cette occasion, on a fait ressortir la nécessité d'harmoniser les programmes fédéraux et provinciaux mis sur pied pour les jeunes afin d'éviter tout chevauchement, de faire disparaître toute concurrence apparente et de maximiser le rendement des sommes consacrées à l'emploi des jeunes.

Il semble que la Commission et votre gouvernement collaborent déjà de très près en ce qui touche l'emploi des jeunes, et je fais ici allusion à la mise sur pied du programme d'emploi des jeunes de l'Ontario à laquelle la Commission a participé, à l'accord de coopération en matière d'enseignement qui a été signé avec votre province, et à la participation de la Commission à l'étude des problèmes d'emploi chez les jeunes par le Secrétariat de la jeunesse de l'Ontario. Le gouvernement fédéral est heureux de constater ces progrès et il souhaite vivement poursuivre des initiatives semblables dans d'autres domaines où il pourra collaborer davantage avec l'Ontario en vue d'atténuer les problèmes du chômage chez les jeunes.

En ce qui concerne la participation de l'Ontario à la construction du pipeline du Nord, on m'informe que l'on a mis à la disposition de ses fonctionnaires les lignes directrices qui régiront

l'achat des biens et services nécessaires à cette fin. Naturellement, nous serons heureux de voir les fonctionnaires fédéraux et provinciaux pour suivre leurs travaux en vue de déterminer les sources d'approvisionnement possibles au Canada. De plus, lorsque la société du pipeline soumettra son plan d'approvisionnement à l'Administration du pipeline du Nord et au gouvernement, nous demanderons le point de vue des provinces.

Par ailleurs, dans votre téléx, vous avez de nouveau manifesté votre inquiétude au sujet de la lenteur apparente avec laquelle l'industrie automobile de votre province obtiendrait sa part de l'augmentation des investissements et du nombre d'emplois dans ce secteur. Nous avons naturellement envoyé copie de votre téléx au ministre de l'Industrie et du Commerce. Son ministère tiendra sûrement compte de vos inquiétudes dans les pourparlers qu'il aura à ce sujet avec l'industrie et les représentants des Etats-Unis.

Nous sommes déterminés à veiller à ce que le Canada ait ce qui lui revient des nouveaux investissements et emplois dans l'industrie automobile. Cependant, l'Accord de l'automobile ne comporte pas de disposition prévoyant un partage juste. Au contraire, il stipule que c'est le marché qui doit régir les modalités de production, de commerce et d'investissement. A cet égard, par rapport à la production

automobile nord-américaine, la production canadienne a atteint en pourcentage le niveau voulu, mais le marché canadien continue d'augmenter en importance par rapport à l'ensemble du marché nord-américain. Nous avons donc là un bon argument pour réclamer une augmentation des investissements au Canada. Malheureusement, l'emploi dans l'industrie canadienne, bien qu'important, n'est pas suffisamment dirigé vers la production de produits exigeant des techniques poussées; c'est probablement là où il faudra intensifier nos efforts. Comme vous le savez probablement, monsieur Horner a examiné ces questions récemment avec monsieur Rhodes dans l'espoir que nous puissions concerter davantage nos efforts pour rendre notre industrie automobile plus attrayante aux yeux des investisseurs. J'espère que monsieur Horner recevra une réponse favorable.

Au sujet de vos observations touchant les transports, nous sommes heureux de vous savoir disposé à accélérer la construction de passages à niveaux et de croisements étagés dans la province. En ce qui a trait au programme fédéral d'amélioration du service ferroviaire, comme vous le savez, notre gouvernement s'est engagé à améliorer l'ensemble des services ferroviaires de transport voyageurs au Canada. Il a donc discuté avec le gouvernement de votre province certaines améliorations au service offert dans l'axe Québec-Windsor; par ailleurs le ministère fédéral des Transports est actuellement à examiner un rapport d'experts-conseils sur

l'amélioration des services ferroviaires entre Toronto et Windsor. Naturellement, il est difficile pour le moment de déterminer dans quelle mesure le programme d'amélioration de ce service contribuerait à réduire le chômage dans la province. Néanmoins, je tiens à vous assurer que le ministère des Transports accordera toute l'attention souhaitée à vos observations sur la question.

Pour terminer, j'aimerais redire que les efforts que nous avons faits jusqu'ici en vue de résoudre nos problèmes économiques à moyen terme et de stimuler l'industrie, de façon à ce que le Canada puisse profiter au maximum dans les années à venir, constituent déjà un bon début. Je suis assuré que tous les Premiers ministres conviendront enfin que nous n'obtiendrons les résultats escomptés que si tous les ministres et fonctionnaires fédéraux et provinciaux intéressés continuent à travailler ferme dans un esprit de collaboration.

Je vous prie d'agréer, monsieur le Premier ministre, l'assurance de ma haute considération.

signée par

P.E. Trudeau



PRIME MINISTER - PREMIER MINISTRE

Ottawa, K1A 0A2
le 15 mars 1978

Madame,

Ma lettre a pour but de demander au Conseil économique du Canada d'accepter certaines fonctions d'analyse de l'évolution de l'inflation et de la productivité pendant la période qui suivra le 14 avril 1978, et de déterminer les conditions et limites de ce mandat.

A la suite de consultations exhaustives entre le Gouvernement fédéral, les entreprises et les syndicats, et des discussions poussées au niveau fédéral-provincial, les premiers ministres ont convenu, le 15 février 1978, de ce qui suit:

Que l'on demande au Conseil économique du Canada d'assumer, si possible, en sus de ses fonctions statutaires courantes, la charge d'analyser l'évolution des prix et des coûts pendant une période d'après-contrôle limitée. Il aurait pour fonction de renseigner le public et de mettre en évidence tous développements en matière de prix et de coûts qui paraîtraient mettre en danger les objectifs économiques nationaux. Le Conseil serait également doté d'un rôle éducatif et de recherche dans le domaine de l'amélioration de la productivité.

Madame Sylvia Ostry
Président
Conseil économique du Canada
Vanier (Ontario)

Le Conseil a la responsabilité générale de conseiller et de recommander les moyens à prendre pour assurer au Canada le plus haut degré d'excellence économique. Il entreprend des études, des enquêtes et prend d'autres initiatives. Il a en outre la responsabilité de faire rapport, de conseiller et de formuler des recommandations aux gouvernements et au public. Il incombe aussi au Conseil de favoriser la productivité dans tous les secteurs de l'économie.

Le Conseil s'est créé une réputation auprès du public, ces quinze dernières années, tant pour l'exactitude et l'objectivité de ses analyses que pour ses conseils sur un grand nombre de questions d'ordre économique. Vous avez entrepris de travailler sur cette base et de rehausser encore cette réputation. Le Gouvernement appuie entièrement les travaux du Conseil. Par ses analyses et ses efforts d'éducation du public, et ses recommandations aux gouvernements le Conseil a un rôle de premier plan à jouer dans le champ de ses compétences. Il nous importe que le Conseil continue d'étendre son rôle auprès du public et des milieux spécialisés.

La responsabilité d'analyser l'évolution de l'inflation que les premiers ministres ont confié au Conseil est à deux volets. Le premier comporte l'observation rigoureuse des tendances générales des prix et des coûts, et le besoin d'analyser, de renseigner et de fournir avis sur ces tendances compte tenu des objectifs économiques nationaux. Le second implique une surveillance des cas particuliers d'augmentations de prix, traitements et autres revenus, qui pourraient avoir d'importants effets d'entraînement qui nuiraient à la poursuite de nos objectifs. Le premier exigera des études globales et sectorielles; le second comportera une étude de certaines tendances spécifiques des prix et des coûts.

A la suite de notre discussion et réflexion faite, nous sommes convaincus que le Conseil économique pourra entreprendre l'analyse des tendances générales de l'inflation et de la productivité, conformément à son mandat, dans les limites indiquées plus bas. Il serait aussi souhaitable que le Conseil surveille certaines hausses particulières des prix et des coûts qui semblent contraires aux objectifs économiques nationaux, pour autant que ces renseignements soient disponibles. Nous comptons que le Conseil s'acquittera de sa tâche en faisant appel aux informations publiques et à la bonne volonté des citoyens.

Etant donné l'ampleur possible de certaines hausses des prix et des coûts et le besoin de renseignements auxquels le public n'a pas accès, il se peut que le Conseil ou le Gouvernement juge à propos de mener une enquête spéciale dans un cas particulier. On reconnaît que de telles enquêtes sur certaines augmentations de prix et de coûts, en vertu de la Loi sur les enquêtes, seront nécessaires de temps à autre, mais qu'elles ne seraient pas du ressort au Conseil. Ces enquêtes seraient néanmoins facilitées par les analyses en cours et par le recours au personnel de soutien du Conseil.

Je demande donc au Conseil de se charger d'analyser l'évolution des prix et des coûts dans l'économie nationale, en vertu de la Partie 10 de la Loi sur le Conseil économique du Canada. Ainsi, sous réserve de la description et des limites ci-haut mentionnées, le Conseil s'acquittera des fonctions suivantes:

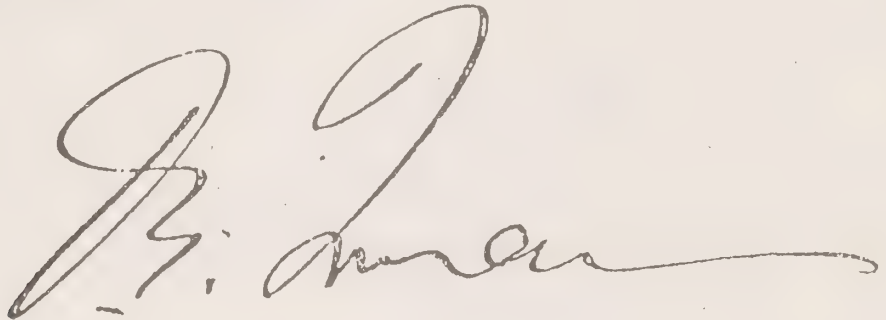
- a) publication d'études et de rapports sur l'évolution des prix, des revenus ou de la productivité;

- b) surveillance de l'évolution des prix, des revenus ou de la productivité, et détermination et analyse de ses causes;
- c) enquêtes sur la structure et le fonctionnement des marchés et recommandations quant aux améliorations qui pourraient contribuer à réduire les taux d'inflation ou accroître la productivité;
- d) conseils face aux événements qui pourraient affecter les prix, les revenus ou la productivité dans des cas spécifiques en vue d'en minimiser les effets négatifs;
- e) publication de rapports sur l'évolution des prix, des revenus ou de la productivité dans les cas particuliers qui, selon le Conseil, ont ou pourront avoir des répercussions sérieuses sur l'économie canadienne, et,
- f) recommandation au Gouvernement d'une enquête spéciale dans certains cas particuliers qui semblent contraires aux objectifs économiques nationaux, lorsque les études du Conseil en indiquent le besoin.

On demande au Conseil d'assumer ces fonctions particulières pour une période de deux ans, après quoi le Gouvernement et le Conseil devront faire le point pour déterminer s'il y a lieu de prolonger, modifier ou abolir ce mandat.

Vous pourrez discuter avec le Conseil du Trésor des ressources additionnelles dont aura besoin le Conseil pour s'acquitter de ces fonctions supplémentaires.

Je vous prie, Madame, d'agréer mes hommages respectueux.

A handwritten signature in dark ink, appearing to read "B. L. Moran". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

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3445
E.P.S.

The Premier
of Ontario

Parliament Buildings
Queen's Park
Toronto Ontario

160308

March 21, 1978

My dear Prime Minister:

Having had some time to reflect on the conclusions of the Conference of First Ministers, I want to convey to you my thoughts on the implications for potential policy actions by both levels of government.

The record national unemployment figures for February have confirmed, in my view, the validity of devoting special efforts to better economic management of the economy. The conclusions of last month's Conference regarding the importance of the private sector in future growth are further reinforced by the present difficulties Canada is experiencing with its exchange rate. The weakness of our currency can be attributed in large part to the over-expansive role of the public sector in past years, and the relatively low priority given to economic expansion of the private sector.

I recognize, as I am sure you do, that government spending in support of job creation is now at record levels and that it is particularly difficult in times of turbulent world capital markets and high deficits to enter into the financing of new programs. These facts indicate to most governments that we have to ensure that where public expenditures are made to create jobs they are directed to those activities which have sound, long-run benefits for the economy. I think it is going to be some time before there can be a substantial reduction in the burden of income-support programs such as unemployment benefits, and in the cost of special job-creation such as Canada Works, or, Ontario's youth employment programs. However, I do believe that we can

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improve the effectiveness of these programs and ultimately reduce our dependence on them if they are integrated with and supplemented by major investment programs, of national significance, which have a good chance of producing an economic payback.

There is, as you can appreciate, considerable pressure for governments to solve the unemployment problem with quick solutions, usually spending solutions. I do not think we can do that, but we can, with the leadership and participation of the federal government, do better than we are doing right now. One major source of underutilized fiscal resources seems to be the lost economic potential locked up in unemployment insurance benefits, but I also think a better use of existing programs is needed.

The ten-point program for immediate job creation which I advanced in February, is not designed to expand the level of public spending. Rather, it is intended to rejuvenate parts of the national economy which are badly in need of investment, and to speed up progress in fields where the job creating potential is frequently hindered by the slowness of government decisions and over-regulation.

The Government of Ontario is willing to make a fair contribution to these efforts where they require our participation. For example, we have suggested a redirection of U.I.C. benefits which at \$4 billion a year consume about 2 per cent of the Gross National Product. They could be put to better use in creating productive work, particularly for young people. We are willing to examine with the Federal Government ways of stepping up the job training aspects of the special youth employment programs now in place. Ontario spends some \$68 million a year on jobs for young people in addition to regular educational and manpower training programs. These represent potential areas of program co-operation in which we could, I am convinced, begin the process of using Unemployment Insurance Benefits to better effect.

I am sure that many in the labour force who now are drawing unemployment benefits would prefer to be employed on projects to improve the railway roadbeds, or to build the signal equipment for a fast-train service in the Quebec-Windsor corridor. This kind of project would cut unemployment, improve the economics of our railways, and also bring various segments of the country in better touch with each other. Better that, than drawing benefits for doing nothing and suffering the demoralizing effects of being without work. Ontario is quite willing to shift its budgetary priorities, immediately if necessary, to speed up the building of grade separations and grade crossings if the Federal Government is prepared to step up its railway improvement program.

Similarly, I am willing, as are my Cabinet colleagues, to find ways of financing our share of a significantly improved effort to provide simple, attractive and positive tax incentives to expand research and development jobs in Canada. The economic base of the country is suffering very badly from the lack of resources invested in this activity. I cannot see the nation sustaining a very active industrial base over the long haul without a sharp increase in private sector effort in this area. It is of great concern to the Ontario Government that our universities and colleges are producing talented young people who cannot find a sufficient number of outlets in industry. Research, design and development present potentially good opportunities for the use of their skills, given the right incentives.

As was indicated in the Ontario Speech From the Throne, we are prepared to adopt, with you, a "Buy Canadian" program, which, if it is to be effective, should be promoted nation-wide. We are also ready to devote resources to a "Buy Canadian" program, and, to integrate such a campaign into Ontario's own industrial and tourist promotion activities.

I do find encouragement in the announcement to go ahead with preliminary studies on Bay of Fundy power, and I hope that we shall see progress on other major energy developments across the country. I am most anxious that work proceed as soon as possible on the ALCAN pipeline, and I am sure that the Federal Government is aware of Ontario's very direct industrial interests in that project and the potential it contains for reducing the level of industrial unemployment in Canada and Ontario.

I am concerned at the slow progress you, and we, seem to be making with the major automobile companies in gaining a fair share of jobs and investments in Canada. It appears that Canadians are being asked to provide subsidies and special financial assistance for this industry. I would suggest that the point has to be made that we expect a fair deal, not an auction-block deal in which the highest bidder wins. I am most concerned when the spirit of the Auto Pact is being eroded by the use of unfair cost comparisons with fire-sale tax deals and capital grants offered by many states in the U.S. My view is quite clear on this matter; this is a Canadian market, the Federal Government made a pact with the companies and the U.S. Government, the companies have received millions of dollars in rebates on import duties as part of that arrangement, and we expect that in return for their dominant share of sales in our market, we have a fair share of the investment and jobs in the North American industry.

The desire to improve the co-ordination of economic and fiscal policy by governments across Canada was one of the impressive features of the Conference last month, and the recent Ontario Budget was framed with that in mind. We took specific actions to support a number of conclusions of First Ministers, and those actions also lend support to the economic targets as outlined by the Federal Government. Our Budget:

- limits government expenditure growth to less than the growth of Gross Provincial Product;

- supports the tourism industry with sales tax cuts;
- provides incentives for mining and resource industries through revisions to The Mining Tax Act;
- outlines proposals for tax incentives to create jobs in industrial research, design and development;
- expands Ontario's program of job creation for young people;
- maintains the medium-term target of balancing the budget in the early 1980's.

These measures are aimed at reducing the drain of the public sector on the economy over the medium term. I regret the necessity to increase revenues, but it is Ontario's view that without such increases, the provincial-municipal sector would have been under-financed; consequently, it is our judgement that the need to constrain spending at all levels of government will not disappear in the foreseeable future, and that further intergovernmental consultation is an essential step in maintaining fiscal discipline within the economy.

I believe it is fair to state that ten Premiers, ten legislatures and the more than one million unemployed in Canada today await the Federal Government's initiative in dealing with the many measures upon which we agreed at the Ottawa Conference.

To delay any further would be to erode the very positive achievements of that conference and the confidence which the people of this country placed in its elected leaders.

With all the points in mind that I have made in this letter, I would urge Mr. Chretien to begin by having the Finance Ministers meet next month to commence a series of intensive discussions preparing for specific proposals to be put before the First Ministers in November. As you know, I advocated last month that this group be constituted as a National Council on the Economy which, with meaningful business and labour advice, could pull together policies for improving Canada's economic future. I propose we agree to that straightforward idea now, and not wait for months of further discussion which this country cannot afford.

None of us disagrees that the economic issues we face are the number one priority for us to tackle. Nothing else will be resolved if this area is neglected. My urgent request to you is, therefore, that we maintain the momentum established by the Conference of First Ministers, and proceed in a quick, direct, non-bureaucratic way to adopt specific national actions, under federal leadership, to move the economy forward.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Bill Davis', written in a cursive style.

William G. Davis

The Right Honourable Pierre E. Trudeau,
Prime Minister of Canada,
House of Commons,
Ottawa, Ontario.

The attached letter is being sent to the following Premiers:

The Honourable Peter Lougheed, Q.C.
Premier of Alberta
Legislative Building
Edmonton, Alberta
T5K 2B7

The Honourable William Richards Bennett
Premier of British Columbia
Parliament Buildings
Victoria, British Columbia
V8V 4R3

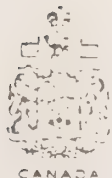
The Honourable Sterling Lyon
Premier of Manitoba
Legislative Building
Winnipeg, Manitoba
R3C 0V8

The Honourable Richard B. Hatfield
Premier of New Brunswick
Legislative Buildings
Fredericton, New Brunswick
E3B 5H1

The Honourable Frank D. Moores
Premier of Newfoundland
Confederation Building
St. John's, Newfoundland

The Honourable Gerald A. Regan
Premier of Nova Scotia
Province House
Halifax, Nova Scotia

The Honourable Alexander B. Campbell, P.C., Q.C.
Premier of Prince Edward Island
Provincial Administrative Building
Charlottetown, P.E.I.
C1A 7N8



PRIME MINISTER · PREMIER MINISTRE

Ottawa, K1A 0A2
April 10, 1978

My dear Premier:

In the Communiqué issued at the conclusion of the mid-February Conference, First Ministers agreed, among other things, that federal and provincial governments should continue to work together to improve demand management policies, to foster responsible price and incomes behaviour and to strengthen the business investment climate. We also agreed upon a number of measures which were directed toward the attainment of these ends.

I am certain all First Ministers would agree that the February discussions were useful, and though we did not accomplish all we had hoped, our deliberations did go some way toward ensuring greater public understanding of the economic problems we must face in the years ahead. Moreover, the more specific commitments entered into at the Conference have been well received by Canadians as indications of the determination of governments to undertake the difficult policy adjustments that are required to ensure economic growth in the medium to longer term.

. . . 2

The Honourable Allan Blakeney, Q.C.
Premier of Saskatchewan
Legislative Building
Regina, Saskatchewan
S4S 0B3

We have made a good start on a new process for concerted approaches to national economic matters and, I think this has stemmed to a substantial degree, from the focus the Conference preparations and our discussions had on the development of a medium term economic strategy. Consequently, it would be useful, I believe, for First Ministers to maintain this framework for our future discussions of policies to deal with economic problems and opportunities. If this were to be done our November meeting, and similar conferences in future years, would not only assess progress on what was in train from previous discussions, but would also consider policy revisions and new initiatives in the light of revised medium term outlook papers.

It is clear, however, that we have only begun the task facing us and vigorous follow-up work must proceed as rapidly as possible, looking forward to and beyond our proposed November meeting. In this regard, a federal-provincial conference of Finance Ministers could be useful in late spring to reassess the short term economic situation, particularly in the light of the provincial and federal budgets which will have been brought down. Moreover, this meeting could examine the extent to which the government sector has been able, so far, to maintain the objective of expenditure restraint while concomitantly providing continued stimulus to economic recovery and increased employment. The Minister of Finance has engaged in a round of discussions with his provincial counterparts on fiscal policy questions. I understand, as well, that he thinks it would be helpful - and hopes it would be possible - to find time to take a further look at certain structural problems, the solutions of which lie in large part within provincial jurisdiction.

Following the February Conference, I inquired whether it would be feasible for the Economic Council of Canada, in addition to its present statutory functions, to assume the responsibility for analyzing price and cost developments for a limited post-control period. Having ascertained that the Council could assume certain responsibilities, I then wrote a formal reference letter under Section 10 of the Economic Council of Canada Act. A copy of this letter is attached.

The Council will be assuming these responsibilities as a national task. It is highly desirable that it have the cooperation of provincial and local governments, as well as of business, labour and various other groups in the country. It will be particularly helpful if the Council could obtain for periods of time, on loan or exchange, some persons from the provincial public services as well as persons from the private sector. I would be grateful if you would raise this matter with your ministers and senior officials, giving a general blessing to the loan of some members of your public service. The Chairman of the Economic Council will, of course, have to negotiate with your officials, but it would be greatly appreciated if you could encourage cooperation.

In assuming the additional responsibilities for price, cost and productivity analysis, the Council will undoubtedly wish to develop a wide range of consultative and cooperative arrangements with your government. The Council's work is to be based upon publicly available information and voluntary cooperation. Effective arrangements to use the publicly available information without undue burden on your government and on the private sector will have to be developed. In addition, close contact will be required in identifying and studying important problem

areas. I would be grateful if your ministers and your officials would also be encouraged to extend a welcome reception to the Council as it takes up these tasks. I would look to the Council to report to the next meeting of First Ministers on this new work.

I would like to inform you also of two other matters in relationship to the Council arising from the meeting of First Ministers. You will recall that the First Ministers agreed that the whole matter of economic regulation at all levels of government should be referred to the Economic Council for recommendations for action, in consultation with the provinces and the private sector. Steps are well advanced for consultation with your government on this matter and I seek your collaboration in developing the terms of reference as well as in the mounting of this major exercise in federal-provincial cooperation.

I want to report also that, though not specifically mentioned in our Communiqué, a joint federal-provincial government study of economic development of Newfoundland has been given to the Economic Council as a reference under the Council's Act.

Work is underway on the commitment to establish a system for the exchange of information on public sector compensation. Since the Conference, the federal Treasury Board has been in touch with the provincial agencies responsible for public sector wages and salaries, concerning the kind of compensation data that usefully could be passed between the two orders of government. In addition, information has been exchanged on an informal basis, between the federal Treasury Board and some of the provincial agencies concerned, on the status of public sector negotiations and it is expected that this action will be extended to include other provinces fairly soon.

Officials from the Departments of Finance and Energy, Mines and Resources have begun discussions on the resource taxation questions referred to in the Communiqué. Before initiating detailed federal-provincial discussions on this subject, however, we thought it would be appropriate to wait until all provincial budgets have been brought down.

On trade and industrial policy matters, the Minister of Industry, Trade and Commerce wrote to his provincial counterparts, inviting them to participate in the selection of 23 working groups established to formulate plans of action to improve the economic performance of Canada's manufacturing, construction and tourist industries. The provinces, themselves, have been invited to participate in this work, along with leaders from business, labour and academic fields. It is hoped that the work of these groups will be completed by the end of June and that their conclusions will then be reviewed in early fall by federal and provincial Ministers of Industry and of Tourism.

As regards the MTN, Mr. Warren has begun a new round of consultations with the provinces to thoroughly review the trade negotiation issues of concern to each of them. This would include, of course, the discussion of those elements of foreign offers that are of particular interest to individual provinces.

I have been pleased to learn that some provincial action has already been initiated on the "Buy Canadian" campaign. As agreed by First Ministers, the campaign should be nationwide, of course. How the federal government might participate is still being studied here but the Department

of Industry, Trade and Commerce would hope to be in touch with provinces soon to arrange for discussion of this matter; initially by officials and, perhaps later by ministers responsible for industry and commerce.

I was disappointed that the Conference was able to touch only briefly upon the need for a substantial increase in industrial research and development in Canada, especially within the private sector. It is apparent that it is of utmost importance to ensure that an adequate level of such activity is achieved in Canada and I have been pleased to note that other governments share this concern. This problem and the various approaches which might be taken to it, would seem to be an appropriate matter for more federal-provincial discussion than has been the case in the past. Consequently, on the assumption that provinces would generally agree, I have asked Mr. Judd Buchanan, Minister of State for Science and Technology, to take the lead on the federal side in arranging such discussions with his provincial counterparts, looking toward proposals for consideration by First Ministers in November. Those provincial ministers or agencies concerned with industrial research are not readily apparent in all cases. Therefore, if you wish to have someone from your province participate, would you, or your officials, please let Mr. Buchanan know which minister or agency within your government should be the official contact for this matter.

One approach to this problem which seemed to draw unanimous support from provincial First Ministers was the use of tax incentives. Therefore, this possibility is being reviewed here as part of a more general examination of the role of research and development in economic development and of appropriate ways to bring about an increase in this activity on the part of the private sector.

Progress has also been made with respect to certain of the energy projects included in the list of major capital projects attached to the Communiqué. First, the federal government has indicated its readiness to provide financial support for Phase II of the design study for tidal power development. Secondly, as you may recall, Newfoundland and Canada have agreed in principle to establish a Lower Churchill Development Corporation that will deal with, among other things, outstanding engineering, marketing, financing and construction questions pertaining to the Gull Island hydro project on the Lower Churchill River. Thirdly, there have been further consultations between governments and with industry regarding additional energy projects in western Canada. Finally, the Northern Pipeline Act has been passed and there is every indication that procurement for and construction of this project will proceed on schedule.

Much joint work was already underway in the agricultural area before the February Conference and planning activities are being carried forward on the development of accords respecting some of the priority issues, (e.g. harmonization of stabilization programs) identified in our Communiqué.

On the question of fisheries, we agreed that this could be an area of significant growth in the years ahead if the development and harnessing of the resource is planned carefully. It will be important, in this regard, to ensure that catching and processing capacity is matched to the resource potential and available marketing opportunities. Mr. LeBlanc will be writing soon to suggest the creation of

an Atlantic Fisheries Ministers' Committee which would meet on a regular basis to work on the preparation of clearly defined goals and plans for Canada's Atlantic fisheries. The creation of such a Committee should contribute significantly to the establishment of closer federal-provincial working relationships in this sector. Discussions are also in progress, I understand, between federal fisheries representatives and their counterparts in British Columbia on a number of issues related to the Pacific fisheries.

There was acceptance at the Conference of the need to implement improved forestry management practices and it was noted that related programs could lead to substantial increases in job opportunities. I understand, in this regard, that the Departments of Fisheries and Environment, Employment and Immigration, and Regional Economic Expansion are cooperating in developing criteria to govern the use of Canada Works funds for forest management projects. These guidelines should be ready shortly for federal-provincial discussion.

As you know, federal and provincial ministers responsible for housing met at the beginning of February for preliminary discussions on the proposal for "global" funding of housing programs. Ministers at that time agreed that a committee of officials examine ways of developing alternative mechanisms for implementing this proposal. It is my understanding that this committee has recently reported to federal and provincial ministers responsible for housing, outlining its conclusions regarding, among other matters, the global funding proposal.

Mr. Cullen wrote to his provincial counterparts on manpower matters at the end of January and I am pleased to note, as well, that federal and provincial deputy ministers responsible for employment and training met recently in Toronto to review policies and activities in the areas of manpower training, job creation, youth unemployment and labour market oriented immigration.

Mr. Cullen and the Employment and Immigration Commission are taking steps which are substantially in line with the First Ministers' undertaking to give high priority to strengthening manpower training and placement programs and to the improvement of federal and provincial collaboration on the problem of youth employment. Mr. Cullen's letter, as well, commits the federal government to a very extensive program of federal-provincial consultation and cooperation in a number of manpower and employment areas. The Department of Employment and Immigration, the Department of Labour and Treasury Board are also reviewing federal programs in relation to the other priority needs identified by First Ministers, i.e. employment of women, laid-off workers, disadvantaged groups, etc. Finally, work is proceeding on plans to use the Unemployment Insurance Program in support of job creation. However, progress here will be slow in view of the complexities involved. Each step must be tested carefully to avoid violation of insurance concepts and to ensure the most appropriate use of the funds.

At the end of our meeting, we did not find time to discuss the question of federal-provincial mechanisms for follow-up to the Conference. We are, of course, continuing to review possible changes in this regard, but it is thought that First Ministers would not wish to press ahead on a decision respecting new permanent mechanisms, especially in connection with the plenary Conference itself, without ensuring that we were reasonably certain that the longer term results would be helpful. In the meantime, we have in place the First Ministers' and the Ministers' of Finance Conferences as well as the other federal-provincial ministerial fora in the main economic areas of concern to both orders of government. Improvements on the existing system are certainly possible and I think we should continue to search for new institutional arrangements. In this search however, we should not lose sight of the fact that the present mechanisms have proven to be useful in the past and can be made even more effective in the future, assuming we retain the search for a medium term strategy as a framework for federal-provincial economic discussions.

We did agree, of course, that we should meet again in November to assess progress on the commitments jointly undertaken in February and to give further direction to policy development designed to promote economic recovery and growth. In addition, I understand officials from the Federal-Provincial Relations Office met on March 10th with their provincial counterparts as part of the follow-up to the February Conference and that they intend to meet again late in June to assess progress on preparations for our November meeting.

In concluding this letter, I would like to reiterate that I believe we have made a good start in our attempts to deal with mid-term economic problems and to encourage and provide incentives to industry to ensure that Canada will be able to take maximum advantage of available opportunities in the years ahead. I am sure all First Ministers would agree, as well, that the success we are working for can only be attained by continued cooperation and hard work by all the federal and provincial ministers and officials concerned.

Sincerely,



PRIME MINISTER · PREMIER MINISTRE

Ottawa, K1A 0A2
le 10 avril 1978

Monsieur le Premier ministre,

Dans le communiqué publié à l'issue de la Conférence de la mi-février, les Premiers ministres ont convenu, notamment, que les gouvernements fédéral et provinciaux devraient continuer de collaborer dans les secteurs suivants: amélioration des politiques touchant la gestion de la demande, encouragement des comportements responsables dans le domaine des prix et des salaires, amélioration du climat des investissements commerciaux. Nous avons également convenu d'un certain nombre de mesures qui devraient permettre d'atteindre ces objectifs.

Je suis assuré que tous les Premiers ministres reconnaîtront que les discussions de février ont été utiles et que, même si nous n'avons pas accompli tout ce que nous avons pu espérer, nos délibérations ont permis dans une certaine mesure de mieux faire comprendre à la population les problèmes économiques

Monsieur René Lévesque
Premier ministre du Québec
Hôtel du gouvernement
Québec (Québec)
G1A 1A2

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auxquels nous devons faire face au cours des prochaines années. Bien plus, le monde des affaires et d'autres secteurs ont vu dans les engagements particuliers pris au cours de cette Conférence autant de preuves de la détermination des gouvernements de procéder aux difficiles ajustements de politiques qui sont nécessaires pour assurer la croissance économique à moyen et à long terme.

Nos nouvelles approches concertées face aux questions d'économie nationale se sont jusqu'ici avérées efficaces, et je crois que cela est attribuable, dans une large mesure, au fait que les préparatifs pour la conférence, ainsi que nos discussions furent axées surtout sur l'élaboration d'une stratégie économique à moyen terme. Il serait donc utile, selon moi, que les Premiers ministres retiennent cette méthode pour les discussions que nous aurons à l'avenir sur les politiques traitant de problèmes et de perspectives d'ordre économique. Si nous nous en tenions à cette méthode, notre réunion de novembre et les conférences semblables des prochaines années nous permettraient, non seulement d'évaluer les progrès accomplis dans les projets émanant des discussions précédentes, mais aussi d'envisager les révisions des politiques et les nouvelles initiatives à la lumière de documents révisés sur les perspectives à moyen terme.

Il est clair, cependant, que nous avons tout juste entamé les tâches qui nous attendent et que nous devons nous efforcer de donner suite aussitôt

que possible aux engagements pris, en vue de notre réunion prévue pour novembre. A cet égard, il serait peut-être utile de tenir une conférence fédérale-provinciale des ministres des Finances vers la fin du printemps afin de réévaluer la conjoncture économique à court terme, compte tenu surtout des budgets provinciaux et fédéraux qui auront alors été présentés. En outre, les ministres pourraient chercher à déterminer, au cours de cette conférence, dans quelle mesure le secteur gouvernemental a réussi jusqu'ici à atteindre l'objectif de réduire les dépenses, tout en continuant de favoriser la reprise de l'économie et la création d'emplois. Le ministre des Finances a entamé une série de discussions avec ses homologues provinciaux sur des questions de politique fiscale. Je crois aussi savoir que monsieur Chrétien estime qu'il serait utile - et, il espère, possible - de prendre le temps d'examiner plus à fond certains problèmes structuraux dont la solution relève essentiellement des autorités provinciales.

A la suite de notre Conférence de février, je me suis informé sur la possibilité que le Conseil économique du Canada assume, outre ses responsabilités statutaires, celle d'analyser l'évolution des prix et des coûts pour une période de temps limitée après la levée des contrôles. Après m'être assuré que le Conseil pouvait en effet se charger d'une telle

-- responsabilité, j'ai alors écrit à la Présidente du Conseil une lettre officielle à cet effet, en vertu de l'article 10 de la Loi sur le Conseil économique du Canada. Vous trouverez copie de cette lettre sous ce pli.

Le Conseil assumera cette responsabilité à l'échelle nationale. Il est hautement souhaitable qu'il puisse compter sur la coopération tant des gouvernements provinciaux et locaux que du monde des affaires et du travail, ainsi que de divers autres groupements au pays. Il serait particulièrement utile que le Conseil puisse obtenir des fonctions publiques provinciales et du secteur privé, les services de personnes qui seraient prêtées ou échangées pour un temps déterminé. Je vous saurais gré de bien vouloir porter cette suggestion à l'attention de vos ministres et hauts fonctionnaires, en accordant votre appui personnel à l'idée d'un tel prêt de certains de vos fonctionnaires. Il reviendra bien sûr à la Présidente du Conseil de négocier une entente avec vos fonctionnaires, mais votre appui à ce genre de coopération serait grandement apprécié.

En assumant ces nouvelles responsabilités en matière d'analyse des prix, des coûts et de la productivité, le Conseil voudra sans doute élaborer une gamme d'arrangements consultatifs et coopératifs avec votre gouvernement. Son travail devra se fonder sur la coopération volontaire et sur des renseignements

qui sont déjà publiés. Il faudra mettre au point des méthodes efficaces qui permettront l'accès à de tels renseignements, sans imposer de fardeau inutile à votre gouvernement et au secteur privé. En outre, il faudra établir des rapports étroits afin de pouvoir identifier puis étudier les problèmes les plus importants. Enfin, je vous serais reconnaissant de bien vouloir encourager vos ministres et fonctionnaires à réserver au Conseil un accueil ouvert lorsqu'il entreprendra ses travaux. J'espère d'ailleurs que le Conseil pourra présenter un rapport sur ses nouvelles tâches à la prochaine conférence des Premiers ministres.

J'aimerais vous informer en outre sur deux autres sujets qui touchent le Conseil et dont l'origine remonte à notre réunion de février. Vous vous souviendrez qu'à ce moment les Premiers ministres ont convenu que toute la question de la réglementation économique par les divers paliers de gouvernement serait renvoyée au Conseil économique, avec mandat de recommander une ligne d'action en consultation avec les provinces et le secteur privé. Des mesures ont déjà été prises afin de vous consulter à ce sujet. J'apprécierais votre collaboration pour définir le mandat du Conseil sur cette question de la réglementation et mettre sur pied cet important exercice de coopération fédérale-provinciale. Enfin, je voudrais vous faire savoir, bien que notre communiqué n'en fasse pas mention explicitement, qu'une étude fédérale-provinciale sur le développement économique de Terre-Neuve a également été confiée au Conseil en vertu de la Loi qui le régit. -

Les travaux concernant l'établissement d'un mécanisme d'échange de renseignements sur la rémunération dans le secteur public ont été amorcés. Depuis la Conférence, le Conseil du Trésor fédéral a, semble-t-il, examiné avec les organismes provinciaux responsables des salaires dans le secteur public quel genre de données les deux paliers de gouvernement gagneraient à échanger dans le domaine de la rémunération. En outre, le Conseil du Trésor fédéral et certains organismes provinciaux intéressés ont procédé, à titre non officiel, à des échanges de renseignements sur l'état des négociations dans le secteur public, et l'on prévoit que cette formule sera bientôt étendue à d'autres provinces.

Les fonctionnaires du ministère des Finances et du ministère de l'Energie, des Mines et des Ressources ont entamé des discussions sur les questions d'imposition des ressources mentionnées dans le communiqué. Nous avons cru qu'avant de nous engager dans des discussions fédérales-provinciales plus poussées, il serait préférable d'attendre que tous les budgets provinciaux aient été déposés.

Dans le domaine des politiques industrielles et commerciales, le ministre de l'Industrie et du Commerce a écrit à ses homologues provinciaux pour les inviter à participer au choix des membres de 23 groupes de travail dont le mandat est de formuler des plans d'action visant à améliorer le rendement

économique des industries canadiennes de la fabrication, de la construction et du tourisme. Les provinces, comme telles, ainsi que les dirigeants du monde des affaires, des syndicats et du secteur de l'enseignement ont été invités à participer à cette tâche. On espère que ces groupes termineront leur travail vers la fin de juin et que les ministres fédéral et provinciaux de l'Industrie et du Tourisme pourront examiner leurs conclusions au début de l'automne.

Pour ce qui est des négociations commerciales multilatérales, monsieur Warren a entrepris une nouvelle série de consultations auprès des provinces afin d'examiner à fond les aspects des négociations commerciales qui les touchent chacune de plus près. Il sera évidemment question des offres étrangères qui sont d'un intérêt particulier pour certaines provinces.

J'ai appris avec plaisir que certaines mesures ont déjà été prises à l'échelle provinciale en ce qui concerne la campagne d'"achat de produits canadiens". Comme en ont convenu les Premiers ministres, cette campagne devrait naturellement être menée à l'échelle nationale. Nous sommes encore à déterminer la forme que pourrait prendre la participation du gouvernement fédéral, mais le ministère de l'Industrie et du Commerce espère être en mesure d'entreprendre bientôt des discussions à ce sujet,

d'abord avec les fonctionnaires et, peut-être plus tard, avec les ministres de l'Industrie et du Commerce.

La nécessité d'accroître considérablement la recherche et le développement dans l'industrie du Canada, en particulier au sein du secteur privé, n'a été abordée que très brièvement lors de notre Conférence, et cela m'a déçu. De toute évidence, il importe au plus haut point que nos efforts dans ce domaine atteignent un niveau convenable, et j'ai été heureux de noter que d'autres gouvernements partageaient cette préoccupation. Ce problème et les diverses façons dont il conviendrait de l'aborder me semblent donc un sujet qui mériterait plus amples discussions que par le passé entre les gouvernements fédéral et provinciaux. Par conséquent, en me fondant sur l'hypothèse que l'ensemble des provinces seraient d'accord, j'ai demandé à monsieur Judd Buchanan, ministre d'Etat chargé des Sciences et de la Technologie, de prendre l'initiative au nom du gouvernement fédéral et d'entamer des discussions avec ses homologues provinciaux en vue d'en arriver à des propositions qui pourraient nous être soumises lors de la conférence des Premiers ministres en novembre. Il n'est cependant pas toujours facile d'identifier clairement les ministres et les organismes provinciaux qui s'intéressent aux problèmes de la recherche. Par

conséquent, si vous désirez qu'un représentant de votre province participe à ces discussions, je vous demanderais, à vous ou à vos fonctionnaires, de faire connaître à monsieur Buchanan le nom du ministre ou de l'organisme qui, au sein de votre gouvernement, devrait être l'intermédiaire officiel pour ces questions.

Les Premiers ministres provinciaux ont semblé appuyer à l'unanimité l'idée d'aborder ce problème par le biais de déductions fiscales. Par conséquent, nous examinons, de notre côté, cette possibilité dans le cadre d'une étude plus générale sur le rôle de la recherche et du développement dans la croissance économique et les façons les plus appropriées d'amener le secteur privé à consacrer plus de ressources à cette activité.

On remarque déjà des progrès vers l'exécution de certains travaux dans le domaine de l'énergie inscrits sur la liste des grands projets jointe au communiqué. Premièrement, le gouvernement fédéral s'est dit prêt à fournir une aide financière pour réaliser la seconde étape de l'étude technique sur l'exploitation de l'énergie marémotrice. Deuxièmement, comme vous vous en souvenez sans doute, les gouvernements de Terre-Neuve et du Canada ont conclu un accord de principe sur l'établissement de la Société de développement du cours inférieur du fleuve

Churchill, qui se chargera, entre autres, de la conception technique, de la commercialisation, du financement et de la construction du projet hydro-électrique de Gull Island sur le cours inférieur du fleuve Churchill. Troisièmement, il y a eu d'autres consultations entre les gouvernements et l'industrie concernant des projets additionnels dans le domaine de l'énergie dans l'Ouest du Canada. Enfin, la Loi sur le pipe-line du Nord a été adoptée et tout indique que les travaux d'approvisionnement et de construction reliés à ce projet respecteront le calendrier établi.

Dans le secteur agricole, plusieurs travaux conjoints étaient déjà en cours avant la Conférence, et l'on poursuit actuellement la planification des étapes devant mener à la conclusion d'accords sur certaines des priorités énoncées dans notre communiqué (l'harmonisation des programmes de stabilisation, par exemple).

En ce qui concerne les pêcheries, nous avons convenu que ce secteur pourrait connaître un essor important dans les années à venir si l'exploitation et l'aménagement des ressources étaient planifiés minutieusement. Il importera, à cet égard, de veiller à ce que les capacités de pêche et de traitement soient proportionnées aux ressources et aux possibilités de commercialisation. Monsieur LeBlanc proposera bientôt, par écrit, la formation d'un comité des ministres des Pêches de l'Atlantique qui se réunirait régulièrement afin de travailler

à l'élaboration d'objectifs et de programmes bien définis concernant la pêche dans l'Atlantique canadien. La création d'un tel comité pourrait contribuer dans une large mesure à consolider les relations de travail fédérales-provinciales dans ce secteur. D'autre part, je crois savoir que des fonctionnaires du ministère fédéral des Pêches et leurs homologues de la Colombie-Britannique ont entamé des discussions sur un certain nombre de questions touchant la pêche sur la côte du Pacifique.

Nous sommes tombés d'accord, à la Conférence, sur la nécessité d'appliquer de bonnes méthodes de gestion forestière, et nous avons constaté que les programmes connexes pourraient favoriser un accroissement considérable des possibilités d'emplois. A cet égard, je crois savoir qu'à l'heure actuelle le ministère des Pêches et de l'Environnement, celui de l'Emploi et de l'Immigration et celui de l'Expansion économique régionale élaborent conjointement des critères qui régiront l'affectation des crédits du programme Canada au Travail à des projets de gestion forestière. Ces critères devraient être bientôt soumis à l'étude conjointe des gouvernements fédéral et provinciaux.

Comme vous le savez, les ministres fédéral et provinciaux responsables de l'habitation se sont rencontrés au début de février et ont amorcé l'étude de la proposition concernant le financement "global" des programmes relatifs à leur secteur. Ils ont alors convenu qu'un comité de fonctionnaires

examine des méthodes visant à élaborer d'autres mécanismes permettant la mise en oeuvre de cette proposition. Je crois savoir que ce comité a récemment présenté aux ministres fédéral et provinciaux responsables de l'habitation, un rapport exposant ses conclusions à l'égard, entre autres, de la proposition de financement global.

A la fin de janvier, monsieur Cullen a écrit à ses homologues provinciaux au sujet de certaines questions concernant la main-d'oeuvre, et j'ai plaisir à signaler également que les sous-ministres fédéraux et provinciaux responsables du programme d'emploi et de formation se sont réunis dernièrement à Toronto afin d'étudier les politiques et les activités reliées à la formation de la main-d'oeuvre, à la création d'emplois, au chômage chez les jeunes et à l'immigration axée sur le recrutement de travailleurs.

Monsieur Cullen et la Commission de l'Emploi et de l'Immigration sont à prendre des mesures qui, pour une grande part, sont conformes à l'engagement qu'ont pris les Premiers ministres d'accorder la priorité à la consolidation des programmes de formation et de placement de la main-d'oeuvre et à l'amélioration de la collaboration entre les gouvernements fédéral et provinciaux en ce qui concerne le chômage chez les jeunes. Dans sa lettre, monsieur Cullen mentionne aussi que le gouvernement fédéral a pris l'engagement d'appliquer un très vaste programme de consultation et de collaboration fédérales-provinciales à un grand nombre de domaines touchant la main-d'oeuvre et l'emploi. Le ministère de l'Emploi et de l'Immigration, le ministère du Travail et le Conseil du Trésor examinent,

pour leur part, certains programmes fédéraux en fonction des autres priorités signalées par les Premiers ministres, soit les femmes sur le marché du travail, les travailleurs touchés par des mises à pied, les groupes défavorisés, etc. Enfin, des travaux sont actuellement en cours en vue d'utiliser le régime d'assurance-chômage pour aider à la création d'emplois, mais les progrès seront lents dans ce domaine à cause de la complexité qui le caractérise. Chaque étape du projet doit être minutieusement éprouvée pour éviter que les principes du régime d'assurance ne soient violés et pour qu'on fasse le meilleur usage possible des fonds de ce programme.

A la Conférence, nous n'avons pas eu le temps d'aborder la question des mécanismes de relance fédéraux-provinciaux. Bien sûr, nous continuons d'étudier les changements possibles à cet égard, mais nous croyons que les Premiers ministres ne souhaiteront pas brûler des étapes et prendre une décision sur l'établissement de nouveaux mécanismes permanents, particulièrement en ce qui a trait à la Conférence plénière elle-même, sans s'assurer que nous sommes justement convaincus de l'utilité à long terme de ces mesures. En attendant, nous avons déjà les Conférences des Premiers ministres et celles des ministres des Finances, ainsi que les autres tribunes ministérielles fédérales-provinciales où l'on traite des principales questions d'ordre économique qui préoccupent les deux paliers de gouvernement. Il est certainement possible d'améliorer

le régime actuel et je crois que nous devons continuer de rechercher de nouvelles ententes institutionnelles. Toutefois, nous ne devons pas oublier que les mesures actuelles ont fait leur preuve dans le passé et qu'elles peuvent être encore plus efficaces dans l'avenir, pour autant que les discussions fédérales-provinciales dans le domaine économique s'inscrivent dans le cadre de la définition d'une politique à moyen terme.

Nous avons convenu, bien sûr, de nous réunir à nouveau en novembre afin d'évaluer les mesures que nous aurons prises pour donner suite à nos engagements conjoints de février et de réorienter le processus d'élaboration des politiques nationales destinées à favoriser la reprise et la croissance économiques. De plus, je constate que des fonctionnaires du Bureau des relations fédérales-provinciales et du ministère des Finances ont rencontré leurs homologues provinciaux, le 10 mars dernier, afin de faire le point sur la Conférence de février, et qu'ils comptent se réunir à nouveau à la fin juin pour voir où en sont les préparatifs de notre réunion de novembre.

Pour terminer, j'aimerais redire que les efforts que nous avons faits jusqu'ici en vue de résoudre nos problèmes économiques à moyen terme et de stimuler l'industrie, de façon à ce que le Canada puisse profiter au maximum dans les années à venir, constituent déjà un bon début. Je suis assuré que tous les Premiers ministres conviendront

enfin que nous n'obtiendrons les résultats escomptés que si tous les ministres et fonctionnaires fédéraux et provinciaux intéressés continuent à travailler ferme dans un esprit de collaboration.

Je vous prie d'agréer, monsieur le Premier ministre, l'assurance de ma haute considération.



PRIME MINISTER PREMIER MINISTRE

Ottawa, K1A 0A2
le 15 mars 1978

Madame,

Ma lettre a pour but de demander au Conseil économique du Canada d'accepter certaines fonctions d'analyse de l'évolution de l'inflation et de la productivité pendant la période qui suivra le 14 avril 1978, et de déterminer les conditions et limites de ce mandat.

A la suite de consultations exhaustives entre le Gouvernement fédéral, les entreprises et les syndicats, et des discussions poussées au niveau fédéral-provincial, les premiers ministres ont convenu, le 15 février 1978, de ce qui suit:

Que l'on demande au Conseil économique du Canada d'assumer, si possible, en sus de ses fonctions statutaires courantes, la charge d'analyser l'évolution des prix et des coûts pendant une période d'après-contrôle limitée. Il aurait pour fonction de renseigner le public et de mettre en évidence tous développements en matière de prix et de coûts qui paraîtraient mettre en danger les objectifs économiques nationaux. Le Conseil serait également doté d'un rôle éducatif et de recherche dans le domaine de l'amélioration de la productivité.

Madame Sylvia Ostry
Président
Conseil économique du Canada
Vanier (Ontario)

Le Conseil a la responsabilité générale de conseiller et de recommander les moyens à prendre pour assurer au Canada le plus haut degré d'excellence économique. Il entreprend des études, des enquêtes et prend d'autres initiatives. Il a en outre la responsabilité de faire rapport, de conseiller et de formuler des recommandations aux gouvernements et au public. Il incombe aussi au Conseil de favoriser la productivité dans tous les secteurs de l'économie.

Le Conseil s'est créé une réputation auprès du public, ces quinze dernières années, tant pour l'exactitude et l'objectivité de ses analyses que pour ses conseils sur un grand nombre de questions d'ordre économique. Vous avez entrepris de travailler sur cette base et de rehausser encore cette réputation. Le Gouvernement appuie entièrement les travaux du Conseil. Par ses analyses et ses efforts d'éducation du public, et ses recommandations aux gouvernements le Conseil a un rôle de premier plan à jouer dans le champ de ses compétences. Il nous importe que le Conseil continue d'étendre son rôle auprès du public et des milieux spécialisés.

La responsabilité d'analyser l'évolution de l'inflation que les premiers ministres ont confié au Conseil est à deux volets. Le premier comporte l'observation rigoureuse des tendances générales des prix et des coûts, et le besoin d'analyser, de renseigner et de fournir avis sur ces tendances compte tenu des objectifs économiques nationaux. Le second implique une surveillance des cas particuliers d'augmentations de prix, traitements et autres revenus, qui pourraient avoir d'importants effets d'entraînement qui nuiraient à la poursuite de nos objectifs. Le premier exigera des études globales et sectorielles; le second comportera une étude de certaines tendances spécifiques des prix et des coûts.

A la suite de notre discussion et réflexion faite, nous sommes convaincus que le Conseil économique pourra entreprendre l'analyse des tendances générales de l'inflation et de la productivité, conformément à son mandat, dans les limites indiquées plus bas. Il serait aussi souhaitable que le Conseil surveille certaines hausses particulières des prix et des coûts qui semblent contraires aux objectifs économiques nationaux, pour autant que ces renseignements soient disponibles. Nous comptons que le Conseil s'acquittera de sa tâche en faisant appel aux informations publiques et à la bonne volonté des citoyens.

Etant donné l'ampleur possible de certaines hausses des prix et des coûts et le besoin de renseignements auxquels le public n'a pas accès, il se peut que le Conseil ou le Gouvernement juge à propos de mener une enquête spéciale dans un cas particulier. On reconnaît que de telles enquêtes sur certaines augmentations de prix et de coûts, en vertu de la Loi sur les enquêtes, seront nécessaires de temps à autre, mais qu'elles ne seraient pas du ressort au Conseil. Ces enquêtes seraient néanmoins facilitées par les analyses en cours et par le recours au personnel de soutien du Conseil.

Je demande donc au Conseil de se charger d'analyser l'évolution des prix et des coûts dans l'économie nationale, en vertu de la Partie 10 de la Loi sur le Conseil économique du Canada. Ainsi, sous réserve de la description et des limites ci-haut mentionnées, le Conseil s'acquittera des fonctions suivantes:

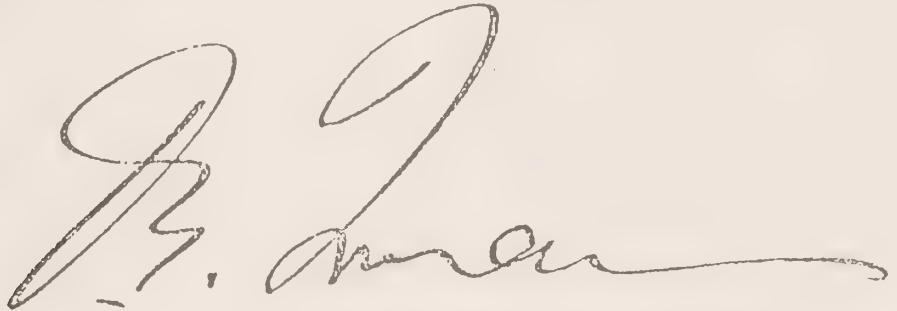
- a) publication d'études et de rapports sur l'évolution des prix, des revenus ou de la productivité;

- b) surveillance de l'évolution des prix, des revenus ou de la productivité, et détermination et analyse de ses causes;
- c) enquêtes sur la structure et le fonctionnement des marchés et recommandations quant aux améliorations qui pourraient contribuer à réduire les taux d'inflation ou accroître la productivité;
- d) conseils face aux événements qui pourraient affecter les prix, les revenus ou la productivité dans des cas spécifiques en vue d'en minimiser les effets négatifs;
- e) publication de rapports sur l'évolution des prix, des revenus ou de la productivité dans les cas particuliers qui, selon le Conseil, ont ou pourront avoir des répercussions sérieuses sur l'économie canadienne, et,
- f) recommandation au Gouvernement d'une enquête spéciale dans certains cas particuliers qui semblent contraires aux objectifs économiques nationaux, lorsque les études du Conseil en indiquent le besoin.

On demande au Conseil d'assumer ces fonctions particulières pour une période de deux ans, après quoi le Gouvernement et le Conseil devront faire le point pour déterminer s'il y a lieu de prolonger, modifier ou abolir ce mandat.

Vous pourrez discuter avec le Conseil du Trésor des ressources additionnelles dont aura besoin le Conseil pour s'acquitter de ces fonctions supplémentaires.

Je vous prie, Madame, d'agréer mes hommages respectueux.

A handwritten signature in dark ink, appearing to read "B. Lévesque". The signature is fluid and cursive, with a large, stylized initial "B" and a long, sweeping horizontal stroke at the end.

For publication at 9:00 p.m.

2011
NOTES FOR A SPEECH BY THE PRIME MINISTER
IN MONTREAL, ON THE OCCASION OF YOM
HA'ATZMAUT, MAY 10, 1978

(English version)

It gives me great pleasure to find myself in your company on this thirtieth anniversary of the State of Israel. I share with all my heart the great and solemn joy which is yours in celebrating Yom Ha'atzmaut. And I am certain that all Canadians today salute their Jewish compatriots with the same enthusiasm.

Our feelings of fellowship are marked by respect and by a very special reverence. It is impossible, unless one is grossly ignorant or absolutely insensitive, to relate to Jews in quite the same way as to other groups of people. Whoever has sufficient knowledge of the Jewish reality always experiences a certain awe in his or her relationships - even the most ordinary ones - with the Jewish people. Far from being a burden, this awe is a source of inner light; far from impeding friendship, it gives it added warmth. For in our Jewish interlocutor, our Jewish compatriot, our Jewish friend, we are able to perceive - with a gratitude which perhaps neither of us fully understands - the source of an invaluable possession. The treasure is simply this: the revelation of the personal

God whom Christians and Moslems worship and acclaim - we owe this to the Israel of the Law and the Prophets which, by this very fact, can rightly be called the elder brother of all nations.

Even from a strictly secular standpoint - assuming such mental gymnastics possible - the Jew still leads us to revere the Bible as a moral teacher of mankind, as the source of the concepts of the individual and of personal responsibility, of brotherly love and justice, as the living foundation of fundamental rights and freedoms. And even apart from this, the Bible will always be venerated for the extraordinary richness of the cultural ferment to which it has given rise - ferment which brought new life to the ancient world and has vitally enriched modern society.

Going even further, if we were to purge our viewpoint of any religious considerations - to the point of separating the Jews from their Biblical context - we could still not fail to recognize their prodigious contribution to man's awareness and knowledge; we would still have to pay tribute to a host of geniuses who figure among mankind's greatest thinkers. Deprived of the Jewish contribution, the history of ideas would find itself pitifully impoverished. So that in this field as well, the Jews merit universal recognition.

But even this does not exhaust the claim of the Jews to worldwide respect. Their very long history gives us yet other reasons. In the first place there is the almost perpetual tragedy which has haunted them from the time of the first Exile to the Nazi persecution, when their misfortune fell to diabolical depths. How we would like to be able to say, how we would like to be sure, that the sufferings of the Jews are finally over! For no other people has been struck by such cruel destiny. Nor can we call this long and painful story to mind without experiencing heartrending compassion, without being seized by distressing feelings of guilt. For in truth there are precious few who would dare to say to the Jews: "I am an exception, I am innocent".

The very survival of the Jewish people is a marvel. There have been dispossessions, harassments, persecutions, massacres and deportations; they have known poverty, want, complete lack of security and dispersion in small isolated groups. They have been influenced by various foreign cultures, the power of sovereign civilizations; they have experienced the sterilizing denial of normal human contact, desperate isolation in urban and intellectual ghettos, and age-long humiliations. But nothing has destroyed their will to survive and exist as Jews.

From the beginning the Jews have triumphed over misfortune. Indeed, it was during the Exile that Judaism itself took shape, and that the vanquished Israelites found confirmation of their hope. In the midst of dereliction the faith of Israel has been maintained - strict, uncompromising, an indestructible and infinitely precious nucleus, a gravitational field that continues to ensure the cohesion and permanence of the Jewish race throughout the world. And their contribution, so abundant and original, to the history of ideas to which I referred a moment ago, has sprung, paradoxically, from remarkable poverty.

On the occasion of the anniversary that gathers you here this evening, it is fitting to celebrate the Jewish piety that has persisted as a result of the learning and the patient work of so many rabbis, and as a result of the heroism of so many fathers and mothers who, for centuries, had scarcely anything else to hand down to their children than the shema.

Perhaps some will feel I am overstressing Jewish piety, and will consider me naive in this matter. Well, forgive me, it is stronger than I am, and I spontaneously think first and foremost of the pious Jew. It is my way of expressing my friendship. I will indulge in self-criticism another time.

Yom Ha'atzmaut celebrates a date longed for during two millenia. Faithful to the statement of attachment and the expression of hope made so beautifully and strongly in Psalm 137, the Jews, scattered so far and wide and so changed by their cultural environment that they could no longer understand each other, did not forget Jerusalem. After so many times of saying to each other, in an incomparable mixture of bitterness and tenderness, irony and gravity, "Next year ... in Jerusalem!", they have finally returned. And this Return is in every respect worthy of a chronicle occupying one of the highest places in history.

The Jews who gathered in the Holy Land to form the State of Israel brought to it all the wealth of spirit and intelligence, all the qualities, virtues and gifts that I have mentioned. In a few decades, their presence, the legitimacy of which cannot rightfully be questioned, has literally brought back to life a land that was being eaten away by the desert; the country has been abundantly and generously populated; resources that had lain forgotten or unsuspected have been developed; a highly technical industrial base has been created, a new democracy has been set up, welcoming an unheard-of diversity of languages and traditions, as well as groups at widely-varying stages of development. Two official languages

have been established, Hebrew and Arabic. In just a few decades an original and marvellously lively culture has grown up - in brief, Israel has constructed one of the most advanced societies in the world. For the Jews of the Diaspora, Israel is a focus, a place toward which they can send out the roots without which existence is only exile. It also represents a powerful confirmation of the Jewish fact in the face of the insidious forces of assimilation.

For the others, those who have returned, Israel is quite simply their homeland. A homeland should be a place of peace and security, well-being and progress. And Israel has certainly ensured the well-being and progress of its citizens in an exemplary manner. But peace and security - these, I fear have yet to be experienced.

The situation in which Israel finds itself is basically the same as that of the ancient Hebrews. It is a situation made up of very complex and shifting forces including neighbours strong in their own legitimacy. Like its distant forefathers, Israel is forced to take into account both this complex situation and these legitimate claims, painful though this may be after so many trials and so much suffering. This means that in Israel the desire to obtain

peace, and the will to exist, tend to form a single objective. And that is why we should attach much importance to increasing the exchanges between Israel and the Arab countries. These approaches, these gestures which are not afraid to set aside diplomatic conventions, give us fresh hope, for they seem to signify a growing concern for justice. Furthermore, the Bible - which, in a manner amazingly relevant to modern times repeatedly promises peace to Israel - indissolubly links peace with justice. For example, in Psalm 72, verse 3 we read:

"The mountains shall bring peace to the people,
and the little hills, by righteousness."

and in Isaiah 32, verses 17 and 18:

"And the work of righteousness shall be peace;
and the effect of righteousness quietness and
assurance for ever.

"And my people shall dwell in a peaceable
habitation, and in sure dwellings, and in
quiet resting places."

It has been said that peace, and especially the dynamic and rich reality expressed by the Hebrew word "shalom", is the sum of all the fruits of justice. Shalom - this is the peace promised to Israel and to the nations, the peace to which we all aspire. I join with you, warmly and sincerely, in wishing this peace - shalom - to the Jews of Israel, on this thirtieth anniversary of their independence

STATEMENT BY PRIME MINISTER TRUDEAU AT THE
NATO SUMMIT, WASHINGTON, D.C. May 30, 1978

This Summit is an historic occasion. I am grateful for the imaginative arrangements which have been made by our host to provoke among us a stimulating dialogue and enable us to chart the best course for the Alliance as it faces the challenges of the 1980's. We can only do this with lasting profit if we talk to one another rather than at one another.

When we met in London a year ago we endorsed certain initiatives largely inspired by President Carter. In the intervening twelve months our representatives have, as a result, taken a careful look at longer trends in East-West relations and their implications for the Alliance. Extensive work has been done on the development of a long term defence programme. A detailed examination of the means to deepen cooperation in all aspects of defence production has been launched.

These three initiatives were important in themselves, but their objectives and their results must, in my opinion, be viewed in close relation to one another. The requirements for strengthened deterrence and defence which the long term defence programme is designed to meet, must be established in the context of the findings of the East-West study. Likewise, these requirements can most effectively be satisfied within a framework of defence cooperation which aims at minimizing costs and maximizing benefits for the allies, collectively and individually.

No less important, these three initiatives must be considered as parts of the mosaic of realities within which we will have to labour in the years ahead. Our purpose at this Summit is, as I see it, to discuss our future security in its broadest sense -- a security which has many dimensions: ideological, political, economic, social, technical, military. This is so because the security of our countries and of our people will be determined by more than the military power we face or possess. It will depend, fundamentally, on the strength of our collective conviction, as free people, that the values professed by our societies are sound and worth preserving: that our institutions are uniquely capable of responding to changing needs; that fulfillment of the individual is the goal towards which societies should be ordained and that the state exists and should be protected to do those things that individuals cannot do themselves.

What is the situation that confronts us on the other side? The Alliance study of long term trends in East-West relations holds out little prospect of significant change in the Soviet Union. That is perhaps too conservative a conclusion. But we must probably accept that what change may come about will not be such as radically to alter the calculations about Western security that we have had to make over the past generation.

The Soviet Union will continue to regard the USA as the only power capable of fundamentally challenging Soviet security which means that it will continue to attempt to match the USA as

global power with power globally deployable. It will also, presumably, continue to assess the other combined threats to Soviet security, including the desire to preserve its paramountcy in Eastern Europe, as requiring a military posture that we in the West regard as being excessive on any reasonable assumptions. As has been said by a seasoned observer of the Soviet scene, the Soviet Union is unlikely ever to feel secure except in circumstances where everyone else feels insecure.

We have received repeated assurances from Soviet leaders that their massive military capacity neither threatens nor is intended to threaten our security. We should note these assurances and weigh them carefully. They are not without importance or value. But it would be imprudent if we were to base our policies on assurances rather than actions - on declared or assumed intentions rather than on manifest capabilities. We cannot wait for the Soviet Union to develop such a preponderance of military capability that the balance will swing strongly in its favour enabling it to achieve security on its own terms. The Soviets' assurance of complete security cannot be bought at the cost of our incapacity to protect ourselves. That would be no basis either for security or for détente. In seeking to improve the reality of our security we must maintain the balance of deterrent strength. But our security problem will not be solved simply by the reactive policy of trying to match the military capacity of the potential adversary. We must also pursue with vigour, at every opportunity and along every avenue open to us, the goals of a meaningful policy of détente and of a genuine reduction in our mutual capacity to wage war.

In the long run, there is no real alternative to pursuing détente with the Soviet Union - a process which we must continue to promote. But for détente to be pursued and made a permanent feature of the East-West relationship, confidence must exist not only between governments. It must exist also between and among our citizens for, in the West, it is our publics that determine how fast and in what direction we can proceed. This public confidence can only be maintained if the human dimension of détente, as embodied in the Helsinki Final Act, is respected and the individual is allowed his rightful place in society and in contacts across frontiers. If détente is seen to be applied selectively support for it is likely to erode. This prospect cannot be treated lightly by any government.

I attended the Special Session on Disarmament of the United Nations only a few days ago. While arms control and disarmament are sometimes obscured by controversy and diverted by rhetoric, I believe there is today a real and widespread yearning for a turning of the corner - for a reversal of the arms race and a real concern about where present trends will lead us. This presents NATO with both an opportunity and a challenge to find ways in which security can be achieved at lower levels of armament. The search for security can too easily be conducted only through armaments improvement. It must also be sought through effective arms control and disarmament. The members of the Alliance should undertake a major effort to develop further positive and constructive proposals in this domain.

My government has followed closely and has appreciated the detailed consultation within the Alliance undertaken by the Government of the U.S.A. in the course of its strategic arms limitation talks with the Soviet Union. We recognize the complexity of the issues and understand the difficulties involved. We retain the hope, however, that the process of which these negotiations form a part will continue and that over time it will be possible to take significant steps towards the reduction of strategic nuclear armament.

We should redouble our efforts to impart some political resolve for forward movement at Vienna, where, for five frustrating years, our representatives have been labouring hard to reduce the level of conventional forces confronting one another in Europe. Neither the process of détente nor the agreements reached on Security and Cooperation in Europe are likely to go very far unless we can make some headway in these negotiations. Despite repeated Western initiatives, the talks remain bogged down. The time has surely come to give these talks some fresh impetus and to test what willingness there is on the other side to achieve agreement.

Still, even as we consider the possibility of reduction in the level of forces in Central Europe, we cannot wish away the reality of the massive military capability which faces us and which is growing. The long term defence programme is designed to ensure that collectively we make the best possible use of our resources to maintain an adequate deterrent and defence posture. I support the concept and the objectives of the programme. It is an important element of the framework within which Canada, in common with its allies, can pursue the programmes necessary to adjust the collective deterrent strength of NATO to the needs of the next decade, and to ensure that Canada's military contribution is compatible with those needs.

I also fully support the objectives of closer cooperation in the industrial activity associated with the maintenance of our defence. It makes no sense that we should each go our own way in equipping our armed forces. The inevitable consequences of a lack of reasonable standardization of our defence equipment and of our operational doctrines are an uneconomic use of resources and a serious loss of effectiveness. I am informed that, though it is slow, progress is being made towards greater standardization and interoperability. This is welcome but clearly much more needs to be done. It is also of cardinal importance that there be fuller and broader cooperation in producing equipments to meet defence requirements. Discussions that have been initiated to this end should be encouraged and serious efforts made to achieve genuine progress in developing this cooperation.

The more efficient use of our resources is a step forward. But in the final analysis we will not be militarily strong unless we are economically strong. Moreover, we must recognize that industrial endowment differs among the members of the Alliance. A common approach to defence should therefore try to ensure that the burdens imposed within the Alliance have some counterpart in the industrial benefits enjoyed by its members.

Mr. Chairman, the work of the past year has amply demonstrated that the Alliance remains unrivalled as a forum in which member countries can consult freely and frankly on all matters relating to their common interests. Continuing consultation among

us all will be essential as we come to grips with the difficult and varied aspects of East-West relations, including defence and deterrence, disarmament and détente. These are all so intricately linked that it is inconceivable that they could be dealt with in isolation from one another.

But consultation is not an end in itself. It provides a proper basis for decisions we as governments have to take to meet the problems of the 1980's. It would make little sense if, in taking them, we were to leave one another's interests and pre-occupations out of account.



Govt
of Canada

PRIME MINISTER PREMIER MINISTRE

June 16, 1978

My dear Premier:

You may by now have had an opportunity to consider the federal government's recent White Paper on renewal of the Canadian federation. My colleagues and I look forward to lively discussion across the country on the issues and the proposals that are raised in this document.

Chapter IV of the White Paper contains several suggestions aimed at improving the practice of federalism. In this connection, I am particularly interested in your reaction to the proposals for action made at page 17 of the paper. In those proposals, we make a fresh commitment to consult with you when we are contemplating taking action that is in a field of shared jurisdiction or that is in some other respect significant in its potential effects at the provincial level, and we ask that you reciprocate in the same spirit when you are considering action that could have a corresponding effect at the federal level.

.../2

The Honourable Gerald A. Regan
Premier of Nova Scotia
Province House
Halifax, Nova Scotia

We are also proposing that the provinces and the federal government, together, set out in a jointly managed process, to clarify for practical purposes their respective responsibilities under the present constitution and, in cases where that clarification shows it to be desirable, to study ways in which wasteful duplication of activities between the two orders of government can be eliminated or avoided.

I hope that very soon we can launch such a joint effort to clarify responsibilities and eliminate wasteful duplication. I would like to suggest that during the next few weeks officials of our respective governments exchange views on the specific proposals contained in the White Paper and on your reactions to them. You may agree that these exchanges should then be followed, possibly about the middle of July, by a meeting of Ministers responsible for Intergovernmental Affairs, who would seek to prepare a joint document for consideration by First Ministers possibly at our meeting on the Constitution in the Fall.

I have asked my colleague, the Honourable Marc Lalonde, to pursue this matter with his provincial counterparts. Mr. Lalonde will be coordinating the implementation within the federal government of the proposals for action set out in Chapter IV.

We will, of course, have to work with all deliberate speed to bring about constitutional renewal for Canada. Until Phase II of this process of renewal is complete, however, we shall be governing according to the existing distribution of powers. I

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PRIME MINISTER · PREMIER MINISTRE

Le 16 juin 1978

Monsieur le Premier ministre,

Sans doute avez-vous pris connaissance du Livre blanc que le Gouvernement fédéral vient de publier sur le renouvellement de la fédération canadienne. Mes collègues et moi-même espérons qu'à la suite des problèmes et des solutions dont il traite, ce document donnera lieu à une discussion animée partout au pays.

Le chapitre IV de notre Livre blanc contient en particulier plusieurs suggestions visant à améliorer la pratique du fédéralisme, et j'aimerais précisément connaître votre réaction au plan d'action exposé à la page 18 de ce document. Dans ce plan, nous prenons l'engagement de vous consulter lorsque nous voudrions agir dans un domaine où les responsabilités sont partagées, ou qui pourrait, d'une quelconque façon, avoir des répercussions importantes à l'échelon provincial. Nous vous invitons par ailleurs à nous rendre la pareille lorsque vous vous préparerez à prendre des mesures qui pourraient avoir un effet similaire au palier fédéral.

.../2

L'honorable René Lévesque
Le Premier ministre du Québec
Hôtel du Gouvernement
Québec (Québec)
G1A 1A2

Nous proposons en outre que les provinces et le Gouvernement fédéral entreprennent ensemble de mettre en place un mécanisme conjoint pour préciser, à toute fin pratique, les responsabilités que chaque ordre de gouvernement détient en vertu de la Constitution actuelle et, là où l'on découvrira que cela est souhaitable, pour étudier les moyens qui permettraient d'éliminer ou d'éviter le double emploi dans l'action des gouvernements.

J'espère qu'il nous sera possible très bientôt d'entreprendre ce travail conjoint de clarification des responsabilités et d'élimination des chevauchements inutiles. Je propose qu'au cours des prochaines semaines, les fonctionnaires de nos gouvernements respectifs échangent leurs vues sur les diverses propositions contenues dans le Livre blanc et sur les réactions qu'elles suscitent chez vous. Vous conviendrez sans doute que ces échanges devraient être suivis, peut-être vers la mi-juillet, d'une réunion des ministres responsables des Affaires inter-gouvernementales qui tenteraient alors de préparer un document conjoint à l'intention des Premiers ministres. Nous pourrions examiner ce document cet automne lors de notre réunion sur la Constitution.

J'ai demandé à mon collègue l'honorable Marc Lalonde de suivre cette affaire avec ses homologues provinciaux. C'est lui qui se chargera de coordonner, au sein du Gouvernement fédéral, la mise en oeuvre du plan d'action énoncé au chapitre IV.

Nous devons bien entendu travailler avec diligence et détermination au renouveau de la Constitution canadienne. Tant que la seconde étape de ce processus de renouvellement n'aura pas été franchie, nous continuerons toutefois à gouverner selon

le partage actuel des pouvoirs. Je crois, pour ma part, que nous pourrons gouverner d'une façon plus harmonieuse et plus efficace que par le passé si nous faisons preuve de bon sens et de bonne volonté et je suis certain que vous partagez cette conviction. Je suggère donc, en terminant, que dans nos efforts pour clarifier les choses et tenter d'éviter les ingérences dans nos domaines de compétence respectifs, nous soyons guidés par la volonté ferme de servir les citoyens et les contribuables d'une façon efficace et rentable.

Je vous prie d'agréer, Monsieur le Premier ministre, l'assurance de ma haute considération.

A handwritten signature in dark ink, appearing to read "B. L. St. Laurent". The signature is fluid and cursive, with a large, stylized initial "B" and "L".



PRIME MINISTER · PREMIER MINISTRE

June 16, 1978

My dear Premier:

You may by now have had an opportunity to consider the federal government's recent White Paper on renewal of the Canadian federation. My colleagues and I look forward to lively discussion across the country on the issues and the proposals that are raised in this document.

Chapter IV of the White Paper contains several suggestions aimed at improving the practice of federalism. In this connection, I am particularly interested in your reaction to the proposals for action made at page 17 of the paper. In those proposals, we make a fresh commitment to consult with you when we are contemplating taking action that is in a field of shared jurisdiction or that is in some other respect significant in its potential effects at the provincial level, and we ask that you reciprocate in the same spirit when you are considering action that could have a corresponding effect at the federal level.

.../2

The Honourable Allan Blakeney, Q.C.
Premier of Saskatchewan
Legislative Building
Regina, Saskatchewan
S4S 0B3

We are also proposing that the provinces and the federal government, together, set out in a jointly managed process, to clarify for practical purposes their respective responsibilities under the present Constitution and, in cases where that clarification shows it to be desirable, to study ways in which wasteful duplication of activities between the two orders of government can be eliminated or avoided.


I hope that very soon we can launch such a joint effort to clarify responsibilities and eliminate wasteful duplication. I would like to suggest that during the next few weeks officials of our respective governments exchange views on the specific proposals contained in the White Paper and on your reactions to them. You may agree that these exchanges should then be followed, possibly about the middle of July, by a meeting of Ministers responsible for Intergovernmental Affairs, who would seek to prepare a joint document for consideration by First Ministers possibly at our meeting on the Constitution in the Fall.

I have asked my colleague, the Honourable Marc Lalonde, to pursue this matter with his provincial counterparts. Mr. Lalonde will be coordinating the implementation within the federal government of the proposals for action set out in Chapter IV.

We will, of course, have to work with all deliberate speed to bring about constitutional renewal for Canada. Until Phase II of this process of renewal is complete, however, we shall be governing according to the existing distribution of powers. I

believe, as I am sure you do, that with good sense and goodwill it is possible for us to govern more harmoniously and more economically than we have succeeded in doing in the past. I should like to suggest that, as we work towards disentanglement and seek to avoid intruding into one another's jurisdictions, our focus should be on effective and efficient service to the citizen and taxpayer.

Sincerely,

A handwritten signature in dark ink, appearing to read "B. Anderson". The signature is fluid and cursive, with a large, stylized initial "B" and a long, sweeping underline.



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.../2

The Honourable William G. Davis, Q.C.
Premier of Ontario
Parliament Buildings
Queen's Park
Toronto, Ontario
M7A 1A1

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PRIME MINISTER PREMIER MINISTRE

June 16, 1978

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The Honourable Alexander B. Campbell, P.C., Q.C.
Premier of Prince Edward Island
Provincial Administrative Building
Charlottetown, P.E.I.
C1A 7N8

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TRANSCRIPT OF PRIME MINISTER TRUDEAU'S REMARKS TO THE
MEN'S AND WOMEN'S CANADIAN CLUB IN VANCOUVER JULY 6,
1978 - FOLLOWED BY A QUESTION AND ANSWER SESSION

Mr. President, I'm grateful for the invitation and I'm grateful for the format that you chose for this meeting. This format of questions and answers will be I think more satisfying to you than the usual format of a lengthy speech. You all well know that I'm not too good at reading lengthy speeches and I think by answering questions I'm more inclined to understand what is concerning you and what is of importance to you. And in this sense formed ideas are advantageous to me too. I dare predict that the questions which are asked will invariably spring from concerns which are engendered, Mr. President, by what you just described as the velocity of change. It's probably true to say that Canada in the past 25 years, say in the post-war period, has changed more deeply and more rapidly than any other industrial society. And this is true whether you look at the economics, the politics or the social composition of our population. You have evidence of this in British Columbia when so many things, so many institutions, so many buildings and places exist now which didn't exist 25 years ago: your six major cities in the interior, your three universities, your splendid architecture and symphonic orchestra, your culture, and of course the composition of your population, the increasing economic opportunities which come from being a Pacific rim province with access to all the countries on the Pacific rim, including the southwestern United States. These are bringing enormous changes not only to your province but to the center of gravity in Canada. This is true for the Prairie Provinces of course too with the increasing wealth and opportunity which is present there and an obvious feeling of excitement and of importance of opportunity in the Prairies and in British Columbia.

And this feeling which one senses here and in the Prairies is

of course also present in the Maritimes for somewhat different reasons. But one of the main ones is the importance now and in the future of the Maritime based resources, not only the 200-mile fishing area but the opportunities in the seabed and the exciting possibilities of perhaps another Alberta emerging in the Eastern Provinces on the Atlantic coast. And in the middle, of course, the two older provinces of Quebec and Ontario also changing very, very much. Ontario with its population becoming much, much more mixed, much less elitist, much more opened, technologically surging ahead, and Quebec with obviously perhaps the first time in its history with a people which feel that they can control their own destinies and they are determined to control their own destinies.

So all these shifting realities create the opportunities you were referring to, Mr. President, but also create the dangers because as each region grows in importance as the center of gravity shifts from Central Canada both east and west, as the mixture of the population becomes more multicultural and as the emergence of a new and more modern Quebec going back some 15 years gives the people of that province a great, a great sense of controlling their future. This means of course that Canada along with the increased opportunities, along with one of the most highly educated skilled people on earth, along with its incredibly rich natural resources, along with these realities come the facts of a country which is -- I hate to use the expression again, it's so hackneyed - but which is searching for a new identity and trying to adjust to these emerging new power relationships. It's obvious that Central Canada cannot have for the West, towards the West the same attitude that existed not only 100 but perhaps 50 and less years ago of considering the West as a vast hinterland with sparse population and great resources to be developed and manufactured at the centre. The Prairies and B.C. now have more than a quarter of the national population. They have much greater economic, political and social opportunities. So these shifting power relationships have great advantage and great promise as you were saying, Mr. President, in your introduction and they give us a chance to build the future, but in the interim because of the acceleration of change they pose great problems. I'm sure many of the questions, I repeat, will be reflecting the concerns emerging from those problems. Problems coming from the fact that the increasing importance

of the provinces for instance has caused them to grow in size and it has caused emergence of different focuses of political allegiance. There is what one knows as decentralizing tendencies. There is the fact that many citizens feel themselves far removed from the central government, much further of course than at the beginning when there was only four provinces rather than 10 as we have now and two large territories.

And these different power relationships are bound to cause problems. I mean obviously you know from the internal problems of federal-provincial consultations and tensions, it's obvious that as both levels of government grow they engage in a kind of one upmanship and this in part is due to a Constitution which is not always clear, or ideal in the way in which the institutions of government are defined. And because each level of government thinks that it can serve its population best and because we're in an era where the population is demanding more and more services from government, this causes problems of growth of governments which are of concern to you and concern to governments, whether they be federal, provincial or municipal. And if you look at, well the usual statistic of 1967 compared to 1977, you find and it's repeated often enough that in 67 some 31½ per cent of Gross National Product was the share of government expenditures, whereas 10 years later governments spend something like 39½ per cent of Gross National Product. And in that growth, in those 10 years, 4 of the 8 per cent growth, 4 of the points have been provincial growths. Two and a half of the points have been federal growth and 1½ points of the growth has been municipal growth. But all growing and all are taking more room. And because of this rivalry, each level of government trying to do the best for its population and sometimes trying to do the best for itself because politicians and bureaucrats by their very nature think that they can do a better job than the other person, they occupy more room and there's overlapping which causes not only confusion but causes waste and some new definition of the power of Federal Government, of the Provinces and of even the municipalities. I know the Mayor of your City is heading the group which is putting a brief together for the Municipalities on unity questions and I think that's very important. But what we have to see is that the constitutional problems are not just occupations of people who can't solve the economic problems and decide to go on to something else. The constitutional problems perhaps should have

another name. They are a way of referring to this confusion which exists and this overlap and this waste of energies by different governments trying to do the same thing, or trying to better the other guy not in a good competitive spirit but in something of an acquisitive spirit, driving more power onto itself. And it is this uncertainty compounded of course by the election in Quebec of a separatist government, one which has vowed that it would have a referendum asking the people of that province if they were willing to separate from Canada and have a political sovereignty of their own, it is compounded by that but not basically caused by that. Whether we have a separatist government in Quebec or not, we would still and it has been visible in the past 10 years, we would still have this increasing tension between different levels of government which cause uncertainty, which cause waste and overlap, and which cause social frictions. And the problem of language differences is of course compounded by the fact that the French-speaking Canadians which concentrated in Quebec now feel that they have somewhere else to go, into some other country of their own, independent, if they can't be at home in the whole country. And all these together cause uncertainty - uncertainty in a changing world, uncertainty in a world which is increasingly competitive where Japan and the United States and an increasingly integrated common market are fighting very hard for their greater share of the markets and a greater share of our resources and of our markets at lower prices, and investments somewhat uncertain as to the future of this country creating falling in investment and a rise in unemployment which would not, I submit, have the same gravity if Canadians were bursting not only with excitement about their regional futures as I have just described that they were, but bursting with confidence in their future as a strong, united nation. And that's how the constitutional problem whether you like it or not is at the heart of our economic, social and political concern. And the solution of it, like it or not, will be necessary for the emergence of a strong confident country in the future.

Now this is going to be done, I repeat, whether we like it or not. The machinery is grinding ahead I mean of regional and shifting balances. Whether we form the governmental institutions which can provide a good new clothing for the body politic or not will depend on us. And just remember that when it was done 111 years ago, as you said, Mr. President, there were only four former colonies then and I think it's often repeated

that John A. Macdonald who was the great architect of that is reputed to have said to the British Government then that British Columbia was of no more concern to Central Canada than was Australia. Well, it's obviously different now, not only in the reality but it's different in those who are writing this new Constitution. I just referred to your Mayor and his role in leading those who are submitting the point of view of municipalities on the unity problem, but you have in your province and you have had the Minister of Justice who is the single most important minister in drafting the new Constitution. And whatever happens, he won't be able to say that we British Columbians weren't there when this began to take shape. You were there and you were there in the person of not only a very able politician, respected friend and colleague, but you were there in the person who is perhaps unique in his ability to fight strongly for the interest of this province while not losing sight of the national whole and the national picture.

So that is the situation as it's developed, that is the point we're at now. I was like many of you in 1967 when I was Minister of Justice. I have been quoted as saying you know constitutional block games are not that important, we have a Constitution which is fairly satisfying. Let's not start playing with it because when we start we're going to find it very, very difficult to finish. And indeed, 11 years later, we're only beginning to look at a concrete text and there are those I'm sure you will hear them who will still plead for another five years, or another ten or perhaps another 100 years. Now just reflect that in the 107 years between 1760, the English conquest and 1867, the BNA Act, we had what five, at least five constitutions, basic constitutional documents. And, in the past 111 years, we haven't had one. We're still going on the fifth of those days. And after this incredible change of Canada, of its population, of its composition, of its resources, of its size, we're still going with something which was very satisfying for the better part of 111 years, but which is not satisfying now. I repeat: people of the regions, Quebec, Ontario, Prairies, B.C., and the Atlantic Provinces have grown and they want a new definition of their role. And this is basically what the document that your Government in Ottawa, your Minister of Justice and myself have put together. And when you look at it -- and I won't say anymore in detail about it now -- but I just beseech you when you look at it just remember one thing and I'm borrowing an expression from Ron Basford: Don't nickel and dime it to death. Look at the basic concerns.

Look at the first principles. Look at the issues that we have to solve. Now I'll just enumerate them and sit down. The first is growing and expanding governments and increasingly alienated citizens in the face of these great governments, and we've attempted to define for the citizen their place in this country, so the statement of purposes and aims in the Constitution and more important still by the basic definition of inalienable rights, telling the citizen that his basic freedoms and liberties will be protected from interference by any level of government - Point No. 1, Concern No. 1. Concern No. 2 is that regionalization which I have been describing and which results in that feeling of alienation. Ottawa is too far away. They don't understand our concerns. They're debating up there questions which are mainly of concern to Central Canada. Who speaks for us? Can we trust the Central Government to speak for us or must we ask our provincial governments whether they be in Victoria, or Quebec City or Halifax? And we're trying in this new Constitution to bring institutional changes both in the Senate and in the Supreme Court that will make sure that you are spoken for at the centre, that on Parliament Hill the regions will have as regions spokesmen. Because on Parliament Hill under the present system of course you have in the House of Commons people who are elected with a mandate to see the whole picture and they have to perform sometimes impossible tasks, as my colleagues from the various provinces do of trying to represent their province but at the same time trying to see the whole picture while we're making changes in the Senate, in the Supreme Court which will make sure that the regions do have their presence up there in Parliament Hill and in the National Capital. And thirdly, equally important, the concern of the French-speaking population in Quebec and in the other provinces and of the English-speaking population essentially in Quebec which as minorities feel that they are not sufficiently protected in the Constitution. And the Constitution attempts there too, to establish certain basic rights.

Now those are the three concerns, the three basic alienations. The alienations of the citizen towards big government and of course, our project attempts to answer that; second, alienation of the regions from the centre, and the Constitution attempts to answer that; and thirdly, alienation of the French towards the English and the English towards the French depending in what province they're in and towards the institutions which in Quebec are mainly French-dominated and in the rest of Canada mainly English-dominated.

Those are three basic concerns. And I repeat as Ron Basford has said in other circumstances: Don't nickel and dime it to death. You deal with these concerns as we're attending to do, have the provinces deal with them and if they've got better ways of doing it than the one we propose we'd be very happy to use them, but let's not pretend that these problems don't exist. Let's try and solve them honestly and with a sense of urgency. Thank you, Mr. Chairman.

Q.: Mr. Prime Minister, is there an honorable answer to the question as to why in the Main Post Office and elsewhere Canadians are being invited to contact something called "The Canadian Unity Information Office", - "The Canadian Unity Information Office", a title evoking notions of the highest patriotic truths to acquire a Liberal Party document?

A.: Well, I'm afraid the question is probably more of an assumption than a question. What you describe as a Liberal Party document -- unless I'm very seriously mistaken -- is probably some series of papers put forth...

Q.: The Constitutional Amendment Bill, Sir.

A.: The Constitution...

Q.: The Constitutional Amendment Bill of 1978, Sir. And the offer to contact the Canadian Unity Information Office is contained within that literature. It's not something separate

A.: Well, you describe it as a Liberal Party document, I describe it as a Government document and the whole of my remarks in the past few minutes has been to try and convince you that you should be concerned with the Constitution which is being put together not only by the Federal Government but in consultation with the Provincial Governments which has resulted in something like I suppose at least 10 Federal-Provincial Conferences on the Constitution in the past 10 years. Now it's of concern to the Federal Government, it's of concern to the Provincial Governments. And I think it's not only mistaken but it's somewhat unfair to describe it as a Liberal Party document. The Liberals happen to form your national government. You will have the opportunity to express your displeasure with that within the next

twelve months or so, but surely there's nothing more basic than the Constitution. Once again, 100 years ago the people of Canada were not broadly consulted on the new Constitution. They will have a chance this time to express their views on it and if you view it simply as a Liberal Party document and if you view the same thing with whatever Premier Bennett says on the Constitution and he is saying some very constructive and positive things, if you look at that merely as Social Credit document, then I say you'll

miss your chance of participating in the debate. But I sense I won't convince you on that but I think it is very important that in this stage we not only consult with the provinces but that we involve the people and that's what we're attempting to do through your friendly post office.

Q.: Good afternoon, Mr. Prime Minister. I am a Canadian citizen and a concerned bus driver at the moment and I have two seconds to ask you a question please if you don't mind. It concerns the jobs of 100 people in this town which have been under pressure for the last 1½ years due to the avoidance of a contract which we had -- as a matter of fact, I'm with Northwest Airport Bus Company, Sir, and we operate the airport bus service between downtown Vancouver and International Airport. And we protest strongly the recent action of Transport Minister Otto Lang. In February of 1978, Transport Canada issued a public tender call for a ten-year contract to operate the Vancouver Airport bus service. Our company was one of three which responded and submitted bids to Transport Canada to operate the service. The question is, Sir: Why has our Company been denied the awarding of this contract when we have applied and supplied everything. There were three companies bidding, Sir, and two of them were non-acceptable, we were. Right? And this has been going on for 1½ years. And one day they say "you've got the contract" then "you haven't" a month later, then "you have", then "you haven't" then "you have" and now up till last week we understood that we had this contract, Sir, and the other two companies were disqualified. And we would like to know why we haven't, we didn't get the contract when the other people were ineligible?

A.: Well, you're obviously asking a question which has to do with two subjects. One - the process of tendering for public services and the second - one presumably of labour negotiations and collective agreements.

Q.: Well, the processing.

A.: Yes, these are two subjects which are, on which I haven't been briefed and I cannot give you an answer. But I'm sure that Mr. Basford or some other minister... You know, what? When we talk of Basford as our retiring colleague, that's something of a misnomer. He is retiring I hope not too soon, but he'll meet with you. I'm sure as a regional Minister or Mr. Perrault will have the facts on this and they'll be glad to meet you. I frankly am not aware or involved in the establishing of collective agreements and I thank you for bringing the question to my attention.

Q.: Mr. Prime Minister. You must forgive us here in Western Canada: A lot of things that are happening in Quebec seem rather strange to us and I think that you'll find that people on this coast are bending a long way in way of national unity and particularly now. For instance, people are giving up their beer supply because it doesn't have a bilingual label in bringing it north of the border. No greater sacrifice has man made than that! But my question is this: At the same time, we have a disturbing hiatus with developments in Quebec wherein they're limiting provisions of language to a unilingual concern in terms of signs, in terms of languages in schools and in terms of residents they're now limiting their employment positions. And I'm wondering since you've spoken about the difficulties between the different levels of government and the lack of machinery in some cases, in this case we do have clear machinery in the Supreme Court and test cases could be brought to challenge this type of legislation being ultra vires and I'm wondering why the Central Government is not doing anything about this?

A.: Well on the first question or remark, I'm not too well informed and on the second you are not. And I think... Let me explain. On the first, I'm told by one person, yourself, that it's a matter of bilingual labels. I'm told by another it has nothing to do with language. It has to do with the metric system and the fact that the labels don't conform to our laws on weights and measures. Now unless you want to say that the metric system was an invention of the French revolution and therefore and somehow that's

an expression of French power. Then I don't think the two should be linked. But I confess, I'm not well briefed on that. I know that if it should be which I'm told it's not, but if it should be a language problem, I've already asked the Minister of Consumer and Corporate Affairs to look at it because -- and I was told just a moment ago by Ray Perrault, Senator Perrault that he has contacted the Minister -- because the intention of the labelling legislation is that the consumers be able to identify the product in their language, but for products which are of national distribution and concern. Obviously, if you've got a local strike and you're trying to serve that local market, I would think that it is more than likely that the Minister will say "Well, it doesn't apply to this case." But of course, if it has to do with the metric system, then I'm also told and I think that perhaps you shouldn't assume that language is the cause of all evil. It might sometimes be something else and on the substance of your question about mobility of labour: Of course, that's extremely important and if you refer to this, what was described as a Liberal document a moment ago but this Bill C-60, you'll see that's one of the basic rights that we're writing into the Constitution, that there will be freedom of movement of people between provinces. We have the present Constitution which assures movement of goods, but it doesn't talk about people it seems so obvious, but we're making sure that that will be in the next Constitution when it's adopted. But as to the present, you know what's happened is that there is -- I hate to go into details once again because it takes some time -- but what Quebec has had is a Royal Commission Enquiry into the construction industry because it was somewhat corrupt and mismanaged and the recommendations and the legislation emanating from it divides Quebec into regions so that a carpenter in one part of Quebec has to work in that part and not in another part because it's 200,000 construction workers for 100,000 jobs. And what essentially is said in the Quebec legislation -- I'm not an apologist of it -- but what essentially is said is that if you're a carpenter in Quebec City you can't go and get into the labour market in Montreal because in the past it has resulted in you know Mafia interference and strong-arm tactics to break into the other market and so on. So it's reasonable to tell a carpenter from Quebec that he can't work in Montreal. It's not completely unreasonable to tell a carpenter from Toronto that he can't work in Montreal. And this has nothing to do with the Constitution. It has to do with trying to manage

a very difficult labour situation in the construction industry. I'm also informed that the Minister of Labour of Quebec and the Minister of Labour of Ontario have met and that Quebec has offered some rather reasonable compromises. I'm not defending them. I haven't been involved in the negotiations, but I am in the funny position of being told ad nauseum by the provinces to keep out of their affairs, that the Federal Government is always interfering into provincial spheres of their jurisdiction, that we're always trying to crowd them out, that we're always trying to exercise influence in their problems. And as soon as they run into a little bit of a jam, they run to us as the Ontario Government is saying: Well, will you solve our problem, bring in the Supreme Court. We say: Look, you're big boys. You have a problem. Solve it between yourselves. If you can't solve it, we'll sit down and try and bring you together. But I repeat the case is not as simple as it seems to have been made, not only in your question, but in the way it has been reported. And it is something that we will gladly sit down with the Provinces and negotiate if they invite us, but I don't think it's a solution as soon as the provinces run into a difficult, tight situation in an area of strict provincial jurisdiction to run to the Federal Government and ask us to solve it, but every time we do something to complain that we're exceeding our jurisdiction. So that's my general answer. Of course, if it were a constitutional question, of course if it could not be solved by negotiations, of course if the basic freedom of movement of citizens was involved, it could be referred to the Supreme Court. But I am not convinced that it is the case.

Q.: Mr. Prime Minister. My question has been rather curtailed by the President's remarks about not reading a speech. It's really not a speech, it's reading something that you wrote. And this is in your book "Federalism and the French Canadians." You said "Federalism must be welcomed as a valuable tool which permits dynamic parties to plant socialist governments in certain provinces from which the seeds of radicalism can slowly spread." Then you say "So long as socialism is to seek fulfilment through parliamentary democracy and mark this with its paranepheia of parties and elections, there will be constant need for the tactician etc." "Radicalism in different parts of Canada must be implanted in different fashions. Perhaps even parties with different names may preach the same ideology in different

provinces" And my questions are: Since you, and I'm inferring that you're an avowed socialist, are you leading the Liberal Party or is it perhaps that you are putting into practice your suggestion that the party named should not disclose its real aims? Do the words "so long as" and "with its paranepheia of parties and elections" infer that radical socialist such as yourself would like to dispense with parliamentary elections and rule Canada as a one-party state? Is your oft stated concern about strong Federal Government more to do with the spread of radical socialism than it is with the unity of Canada?

Q.: Well, let's not forget my recent history. It's been published in several books. I'm only Liberal since 1965. I've never pretended I was a Liberal before that. I didn't belong to any party before 65, but I did campaign for the NDP in the 62 election I believe, or the 63, but I also campaigned for the Liberals and said we should vote Liberal in the 1960 provincial election when I was editor of a magazine called "Cité Libre". So there is nothing surprising that in those days, I was saying: Look, you socialists, if you want to elect governments don't try and do it at the national level, obviously you can't do it. Try and do it at the provincial level and you have different approaches to it. In those days, there was Prairie radicalism, there was CCF in Saskatchewan which was more of agrarian socialism than a socialism which would fit in an industrial society. And there was the CCF in Ontario which was obviously a socialism more adapted to industrial societies. I parted with them ideologically when around 1962 the CCF, the new NDP began talking about two nations and special status for Quebec and association and so on. But you know, I've never hidden that I had supported the socialist parties before that and might say so what? Have I been a Socialist since I've been a Liberal? Many people think so, but as somebody was telling me on the docks this morning, many people think I have been a terrible conservative since I have been a Liberal too. It depends where you sit. Now as to using the national government in order to bring the one-party state and to abolish elections, I'm afraid that is either unfair or uninformed because the whole thrust of what I was writing there and what you read from the book called "Social Purposes for Canada" which was contributed to by various political scientists not all socialists, what I was writing there is that we must try to give the provinces a greater say in their destiny. And the thesis then

was to permit the flowering of different cultural and social and political trends in different parts of Canada. And that is to me the wealth of federalism, that it permits experiences. You had an experience in this province with socialism not so many years ago. Am I going to turn my face against this province because you dared to vote socialist and have a socialist government for a few years? This was an expression of democracy. So you didn't like it, you change it. But my whole thesis once again was not to have a strong central government which would annihilate the provinces. It was a thesis on the contrary which said the provinces should try and seek their own fulfilment within their areas of jurisdiction. And it can be socialist in Saskatchewan now, and it can be Social Credit here and it can be Conservative in Alberta and it can be Liberal in P.E.I. and it can be Tory in Ontario. You know, this is a great thing about federalism and that's what the whole chapter was on where an incredibly favourable constitutional set-up was federalism because it permits the people to experience, to experiment with different types of government at the provincial level. But from there to conclude that I was saying the contrary, you know this is a misreading of what I was arguing then. Of course, sorry there is no supplementaries because you shake your head... Of course, I think that there should be a strong central government. And that's, that's something else which you find in there. My whole series of politics is in creating counterweights and when the provinces get too strong I think the central government should be strengthened and when the central government is too strong, the provinces should be strengthened. And indeed that's been the economy and beauty of our Constitution for the past 111 years where you find great oscillations before, between greater centralization and greater decentralization. My position right now -- and I don't see any, you know you can't say a man is inconsistent because he is creating counterweights. Sometimes, you have to push and sometimes you have to pull, but my position right now and it's in the constitutional document and it is the belief of our party that we can decentralize too far and we don't want to decentralize too far. On the contrary, we think there must be one government which has real power speaking for all of Canada. And rather go the way of some other political parties and saying "you know, you're always fighting with the provinces. You're creating confrontations. Why don't you agree with them? Which means really why don't you give them the powers they want? I say "No, we won't

do that because the solution to our uncertainty and our divisiveness is not as Gordon Robertson put it "to give all the power to the provinces that we save the map of Canada". We want to save the reality of a central government which can speak for all Canadians and legislate for all Canadians and rather than give power, more power to all the provinces we're telling the provinces and the regions: You can have some more spokesmen up in Ottawa both in the House of Commons which we're going to try and do in the next election from here and we've got some good candidates around, but also in the Upper Chamber. That will be a House of the Federation. Anyhow, that's my thinking. And I submit that the inference drawn, except the bit on socialism, is completely contrary to everything I've written and said.

Q.: Mr. Prime Minister. The way things are going in Quebec it's perfectly clear that pretty soon it will be a crime to speak or even print the English language. And during the last five years you, Sir, and your government have been doing everything possible to downgrade the English language and your constitutional proposals do really mean three things. One, a further downgrading of the English language. Second, discrimination against English Canada. Third, your proposals being to mean that it is simply a blueprint by virtually leading us down the road to becoming a republic thereby you will be able to wipe out our present British Parliamentary form of government and wipe out completely the monarchy. My question is this, Sir. Are you prepared to let the people of this country, particularly the 18 million people of English Canada have a say in expressing themselves about your proposals by way of a referendum? And if not, we ask why not?

A.: Well, the question is very easy to answer although some of the premises are perhaps not. But the question itself is not only prepared to have a referendum but we've introduced, together the Minister of Justice and the Minister of Federal-Provincial Affairs and myself have introduced a law permitting a referendum and we made it quite clear that it could be held on constitutional questions. And in answering I think the first question this afternoon we want the people to be involved and we're going to do it through federal-provincial discussion, but we reserve ourselves the right to use the referendum at some point to know what the people think. So I think I should at least satisfy you on that and you and I soon can probably

meet on platforms and argue some of the things that we want to see and not to see in the Constitution. One thing on which we will agree on is the monarchy. Not only you want to see it in the Constitution, but I have put it in the Constitution. It's right there in the document. It says quite clearly... It says quite clearly that the Queen is the head of State. She is the... we are a constitutional monarchy and we're not changing that. Insofar as the parliamentary system is concerned, well it has been defined for the first time in this constitutional document. If you look at the BNA Act that we have now, there is no definition of the parliamentary system that provides for two Houses and so on, but it doesn't define the Executive, it doesn't say who it will be responsible to, it doesn't give a particular role to ministers and so on, it has some elusion to a Privy Council which means something quite different than the Cabinet, but we're entrenching the parliamentary system into the Constitution, far from pushing it on to a republic. So so much for that. Insofar as the... so we'll agree on that too. Now what will we disagree on? Certainly on your interpretation of the facts when you say that we're trying to downgrade English Canada and English-speaking Canadians. Because we are entrenching in the Constitution the right of a person to address his Federal Government either in French or in English or to speak in the House of Commons either in French or in English, or to be served by the head offices of many of the national agencies or departments in French or in English, it seems to me we're not downgrading English Canadians but we are upgrading French Canadians. We are saying yes indeed this is your country and yes indeed you've been French for well since you've gotten here in 1608 and decades beyond that and you've always spoken French and you probably always will -- and there are still in Quebec some 4,000,000 people who speak no other language than French and who don't want to speak any other language. It would seem to me that it would be us Canadians who would be downgrading the French if we said to them: Well, you should still be part of this country, but of course you can't pay your taxes, you can't deal with the Federal Government in your language, you will have to learn English. That might have been a solution, that's the one that Lord Durham tried in 1840, it didn't work. So they tried something else in 1867 called the BNA Act wherein French and English languages were entrenched, at least at the national level and at least in the Province of Quebec. What we are doing now is entrenching it in a new document and saying to the provinces: For God's sake,

at least New Brunswick and Ontario, for heaven's sake please entrench certain basic rights of the French language because there is this province here in Quebec which has elected a separatist government which has voted a Bill 101, which is downgrading the rights of the English compared to the rights they had and we want them to treat their English-speaking minority equitably and the way to get them to do that is for you in Ontario and you in New Brunswick at least to treat your French equitably. And not only we're saying that to these two provinces, but the Premiers themselves when we met in their First Ministers'... Premiers' Conference last August, in St. Andrews, issued a declaration that indeed they want their educational system to be able to give French language instruction in French to at least French-speaking minorities in their province in the hope that they would force Premier Levesque to do the same thing or to continue doing the same thing, because it's been done for the past 100 years in Quebec.

Now this is a matter of conception of course. If you say it's downgrading the English to entrench the rights of the French, then there is an honest disagreement with us, but I'm telling you that your message has less chance of keeping Quebec in Confederation than mine.

Q.: Mr. Prime Minister, I am Elsie Rumble, host of Pacific Enquiry, the Community Dialogue Program on Vancouver Channel 10. I have two very brief questions for you. Mr. Premier, I interviewed Art Phillips in his office some months ago and we talked about municipal affairs. Mr. Phillips said that he has suggested to you that city should get constitutional status with specified powers and revenues. He also said that the cities are capable of doing their own planning and that the Federal Department of Urban Affairs should be phased out. Do you favour constitutional status for cities with specified powers and revenues? Art Phillips has a long experience in municipal government. Will you consider his advice to wind down the Department of Urban Affairs?

A.: Well, if you look at the constitutional document which was referred to earlier - called "A Time for Action", we make mention of this, of the possibility of a constitutional status for municipal governments but we do it gingerly and tenderly for a very simple reason. It's that our whole approach to constitutional matters is to deal with federal

institutions and not with the division of powers. And in this stage of our discussions, we're not telling the provinces that they should, shall we say have more powers in the field of immigration or communications and saying that the Federal Government should have more powers in the area of municipal affairs or of shall we say securities marketing. We're leaving that part of discussion for later. And at this stage, the most that I would say is what we say in this White Paper: that we think that the emergence of an urban type country as opposed to a rural one which existed 50 years ago is obvious and that it should be reflected in our institutions. But we're not telling the provinces and I doubt very much if former Mayor Phillips is saying that too. We're not telling the provinces that jurisdiction over municipalities should come to the Federal Government, but we are urging the provinces to deal with their municipal problems much as we are dealing with our federal institutions and one way of doing it would be for the provinces to have constitutions in which the municipalities have certain established and recognized powers and I shouldn't be surprised if Mayor Volrich is writing along these lines. But once again it's not that we don't have any ideas on it, but at this stage we're not telling the provinces what kind of constitutions they should have for their municipalities. We're looking at strictly federal problems - the Senate, the Supreme Court, the Bill of Rights applying to ourselves and so on.

As to the Department of Urban Affairs, you're asking whether we want to phase it out. You know, my simple answer would be this is obviously an area of overlap. Provinces have a lot to do with housing and urban affairs. The Federal Government has a lot to do with housing and urban affairs particularly through Central Housing and Mortgage Corporation. We've said in this policy paper which if you haven't got we'll make sure you have, said that we want to sit down with the provinces and prevent this overlap and negotiate ways in which either we'll get out completely of housing and urban affairs or they will get out completely or we will define ways in which if we both stay in we'll have to go at it in ways which don't cause overlap and waste. Now that's not an evasive answer, I think we should look for a functional answer. And it may be that urban affairs will always have to be an area of joint federal and provincial jurisdiction, not talking of municipal affairs which has been an area of provincial jurisdiction, but urban affairs may have to remain joined because we have a lot of federal land in all the

big cities, not only the post offices and the airports and the harbours, but the railways and everything else. And it's difficult to plan a city without at least involving in some way the Federal Government and it's to make sure that the Federal Government's involvement in town, city planning is rational that we created this department in '69. It's not to grab jurisdiction, but it's to make sure that when the mayor of a big city wants to reclaim some land or re... well False Creek I suppose is a good example. There was a lot of federal land there and we had a Minister and a Senator and Members of Parliament who said: well, let's try and plan a way in which the federal presence in this city can be developed jointly with the then Mayor Art Phillips. So, you know, we are there whether one likes it or not and it's a matter of having a minister who can express the Federal point of view in whatever planning is involved.

Q.: Mr. Prime Minister, in recent years there have been some events which look a little bit to commentators as a new and different kind of separatism. In the Northwest Territories and in the Yukon, there have been extensive and comprehensive land claims by the native groups and to some extent disputes between the various segments of the populations in both territories. Could you give us your views on the likely future evolution of these land claims and perhaps of the two Northern Territories as well?

A.: Yes, quite willingly. On land claims, opposition is quite clear. We think that certain land claims should and must be recognized and we're negotiating with the native people hopefully satisfactory answers in this area. We're doing it with the Indians in areas where there were treaties to make sure that the treaties which were signed and sometimes not honoured are honoured and that reparation is made for some non-honouring in the past. And in areas where there were no treaties, we're saying o.k. let's sit down and see is fair and what should be done and how we can respect your land claims in a way which will not only be just economically but which will permit you if you wish to preserve your certain customs and way of life. The same thing with the Eskimos where of course there were no treaties but where they have a way of life which is based on hunting and fishing and the need for a lot of land and we've said that we want to sit down and discuss this. This is true in the Yukon and it's true in many provinces including this one.

In the particular case of the Yukon for instance, we've been negotiating a settlement for the past half a dozen years and quite honestly maybe both sides are going too slow but it's mainly the natives and I think they would recognize this that they want to go slow on this and want to make sure that they make the right decisions and we're not complaining, we're saying we have to decide at some point but we want to decide it fairly and that's why we funded them to the tune of millions of dollars so that they can hire lawyers and surveyors and historians to sort of state their claims properly. So on land claims, that's our position.

What we do object to is the idea that certain parts of this country should have territories bonded by ethnic or racial considerations and there was claims put forward on behalf of the so-called Dene nation or on behalf of the Inuit indicating that the North should be carved up in a way which would have certain territories defined as Indian or Inuit territories. And we've refused that. We've rejected the idea that within Canada you should define boundaries based essentially on ethnic or racial lines and that's one of our main quarrels with Quebec which claims to speak for the French Canadian nation and that was our objection to the two nations theory. We refuse to see Quebec as a French-speaking province and the other provinces as English-speaking provinces. That is I guess a bit the subject of the argument that I had with the gentleman a couple of questions ago, because we know that if Quebec is only French without basic respect of its English minorities, ... you'll have one which is French-speaking and one which is English-speaking. And then you'll probably end up having one which is Inuit-speaking and one which is Indian-speaking and perhaps in the Indian you'll have the Cree and the Hyda and different nations and we reject that. And I get back to my point this is the greatness of federalism: it permits different levels of government to exercise different areas of jurisdiction and we think that within a territory it's not beyond our ingenuity to say: o.k. in Ontario, British Columbia, English shall be the working language and the main language and the one in which the beer is printed in big signs that will be English here. But it will be the main one, it doesn't mean that you won't have French schools and you won't permit the French-speaking minority to send its kids to school in French and to be able to read -- I'm sorry it's the eternal example for British Columbia -- to be able to read Corn Flakes in French on the box. You know, it's an English-speaking province

and people work in English and most of them go to school in English and the government is English-speaking and so on. And Quebec it's French, but that doesn't mean that the English minority in Quebec shouldn't have basic rights to send their kids to English schools and to be able to read once again on the label of a certain patent medicine or of the food what the composition of it is and what the posology of it is. And that's our concept of Canada and that's why it's complicated. It would be simpler if everybody spoke all English. I repeat there's 4,000,000 of us out of 20,000,000 who don't know a word of English and another couple of million who speak it but not very well. So we're saying this is the kind of Canada we want - bilingual and multicultural - which doesn't mean that everybody must speak both languages or know all cultures. It just means that each of the official languages whether it be in Quebec or in British Columbia has a certain basic respect and certain basic rights and that the many culture will be given opportunities to preserve and flourish.

So this is our conception of Canada and I repeat it's absolutely essential that you like it or not to stick to some variation of that conception, otherwise you will end up with you know Bills 101 in Quebec where English-speaking people coming to Quebec won't be able to send their kids to English schools much like out of necessity but not out of law. Many of the French-speaking Canadians immigrating from Quebec to some of the Western Provinces couldn't send their kids to French schools because there weren't any and sometimes they were prohibited by law too. And what we're saying is that it's more difficult, more complicated, it's a greater challenge but rather than consider it as an impoverishment that we have these two basic languages let's consider it as an enrichment in a world which is increasingly complex and increasingly united by transportation. But more let's consider it as not a divisive thing but as the only uniting solution to Canada.

You know there are those who say: You know two languages are divisive. You can say that if you want and take positions which will cause us to be divided but you can also say that the basic recognition of these two languages is the only condition on which we can remain united. And that is our position and we'll fight for it.

Le 11 juillet 1978
July 11, 1978

TEXTE DES LETTRES EXPEDIEES PAR LE PREMIER
MINISTRE VENDREDI DERNIER A SES COLLEGUES
DE L'ONTARIO ET DU QUEBEC. DES LETTRES
IDENTIQUES QUANT AU FOND ONT ETE EXPEDIEES
AUX PREMIERS MINISTRES DES HUIT AUTRES
PROVINCES

TEXT OF THE LETTERS SENT BY THE PRIME
MINISTER LAST FRIDAY TO THE PREMIERS OF
ONTARIO AND QUEBEC. LETTERS IDENTICAL AS
TO SUBSTANCE HAVE BEEN SENT TO ALL THE OTHER
FIRST MINISTERS.



PRIME MINISTER • PREMIER MINISTRE

Ottawa
K1A 0A2
July 7, 1978

My dear Premier:

The letter which I sent to you on June 12 announced the tabling that day in the House of Commons of the government document called "A Time for Action" and reviewed the major steps which the government believes are necessary for the renewal of the Canadian Federation.

In particular, the letter referred to Chapter V of "A Time for Action" which sets out the government's approach to the renewal of the Constitution. You will recall that I consulted you on this approach at some length when I visited you in Toronto last November 28, in the course of my visits to the ten provinces. Essential elements of that approach are, first, the early achievement, in consultation with the provinces, of a number of important changes in those parts of the Constitution which can be changed by Parliament, and second, the achievement by joint federal and provincial efforts,

The Honourable William G. Davis, Q.C.
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hopefully over the next three years, of a broad review of the division of powers and the attainment of a consensus on what that division should be in a renewed Federation. As part of this approach, there is, of course, the hope that we will be able to reach agreement upon an amending formula and, at long last, bring the Constitution home to Canada.

As the letter proposed and the provinces graciously agreed, federal Ministers visited, in the week following June 12, all the Premiers or their designated Ministers, to explain this approach at greater length and to give an advance picture of the major changes contemplated in the constitutional Bill which has since been tabled in the House of Commons. As you are aware, it was not our intention to proceed with the Bill at the current session, but to ask that it be referred, as has now been done, to a joint Parliamentary Committee which would examine over the coming months the changes suggested in the Bill and, no doubt, alternative proposals as well.

It seems appropriate at this point in time, when the Bill has been public for several weeks and you and the other Premiers are laying plans for your Conference in early August, to suggest for your consideration the beginning of the next stage in our consultations on the Constitution. During the First Ministers Conference on the economy, which took place last February, we talked briefly of the probable need for a Conference on the Constitution, perhaps towards the latter part of September. At the same time, we confirmed the holding of another Conference on the economy, to take place this November. Just recently I learned that at least one Premier cannot be available during the period tentatively

contemplated, and it would therefore seem necessary to seek dates which are no later than about September 15, or which do not commence until October. As the latter would bring the two Conferences quite close together, I would like to suggest three days in the week of September 11, say, September 13 to 15 inclusive.

While these dates would be a little earlier than we had originally contemplated, I would not expect that they would create a problem in terms of preparations for discussion, given the long period over which all governments have been contemplating constitutional change and the various detailed discussions which the Premiers have had on a number of occasions in recent years. The federal measure was, of course, forecast in the Speech from the Throne last October and I discussed the proposed two-phase approach with each Premier in the course of my visits to the ten provincial capitals in the last months of 1977. I would hope then that the provinces would be ready for in-depth discussion of the federal Bill and of alternatives to the Bill's proposals which they might wish to suggest for consideration by all governments.

You will wish to give some thought to the agenda and to the question as to whether the Conference should be open or closed. On the latter point, I would strongly favour an open Conference, given precedents which have recently been set for First Ministers Conferences, and the strong interest which the public is likely to have in our deliberations. On the agenda, this is something which could be worked out in final form by exchanges of letters between us,

or in meetings of Ministers or officials if that would be preferred. We would certainly be prepared to take part in such meetings, if they were generally thought to be useful. They could be held, I would think, at a convenient time after the Premiers Conference, perhaps in the last week of August.

In my view, I would expect that the agenda would at least provide for a discussion of the federal Bill and alternatives proposed by provinces in connection with any of its provisions; for an examination of how best to approach the joint federal-provincial review of the division of powers, including the choice of subjects for early attention and the arrangements for studies; for a discussion of other constitutional questions which provinces might wish to raise; perhaps for a look to be taken at ways to deal with the studies mentioned in Chapter IV of "A Time for Action"; and I would hope, for a discussion of the question of an amending formula and patriation. On the last-mentioned point, even if we do not have time to reach a consensus on any particular formula, I hope that together we could at least put work in train that would facilitate our search for agreement.

The agenda should also provide for a discussion of our future work as First Ministers on constitutional questions. We can be sure that the September Conference, important as it is, will only cover part of the ground and that we will be meeting again as early as the winter or early spring to consider progress on all the studies we will have put in motion concerning the second phase of our constitutional approach.

I look forward to hearing from you on the many questions mentioned above, but particularly at this time, in connection with the dates I have suggested for our Conference in September. I might mention that, given the considerable interest in our plans, I will be making this letter public in a few days.

I much appreciated the thoughtful remarks you made at Glendon College which were reported in the press on July 3.

Sincerely,



PRIME MINISTER • PREMIER MINISTRE

Ottawa
K1A 0A2
le 7 juillet 1978

Monsieur le Premier ministre,

Dans ma lettre du 12 juin dernier, je vous annonçais le dépôt à la Chambre des communes, le jour même, du document du gouvernement intitulé "Le temps d'agir", et je traitais des principales étapes que le gouvernement juge nécessaires au renouvellement de la fédération canadienne.

Je faisais spécialement état du chapitre V du document qui expose la formule proposée par le gouvernement pour renouveler la Constitution. Vous vous rappelez sans doute que j'ai assez longuement discuté cette formule avec vous lorsque je vous ai rendu visite à Québec le 2 décembre dernier à l'occasion de ma tournée dans les dix provinces. Les éléments essentiels de cette formule sont, d'abord, l'adoption rapide, en accord avec les provinces, d'un certain nombre de changements importants dans les dispositions que le Parlement peut modifier, puis grâce aux efforts conjoints du gouvernement fédéral et des provinces, l'achèvement au cours des trois

Monsieur René Lévesque
Le Premier ministre du Québec
Hôtel du Gouvernement
Québec (Québec)
G1A 1A2

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prochaines années, espère-t-on, d'une vaste étude sur le partage des pouvoirs, et la réalisation d'un consensus sur la façon dont ceux-ci devraient être répartis dans une fédération renouvelée. Nous espérons naturellement, suivant cette formule, que nous pourrions convenir d'une formule d'amendement et, enfin, rapatrier la Constitution.

Comme je le proposais dans ma lettre, et avec le bienveillant assentiment des provinces, les ministres fédéraux, dans la semaine qui a suivi le 12 juin, ont rendu visite à tous les Premiers ministres provinciaux, ou aux ministres par eux désignés, pour leur expliquer plus en détail cette formule et leur exposer en primeur les grands changements prévus dans le projet de loi sur la Constitution qui, depuis, a été déposé à la Chambre des communes. Nous n'avions pas l'intention, vous le savez, d'aborder l'étude du projet de loi au cours de la présente session, mais plutôt de demander qu'il soit renvoyé, ce qui a d'ailleurs été fait, à un comité mixte du Parlement qui étudiera au cours des mois à venir les modifications proposées et aussi, sans aucun doute, des solutions de rechange.

Il semble opportun, maintenant que le projet de loi a été rendu public il y a déjà quelques semaines et que les autres Premiers ministres et vous-même préparez la conférence que vous devez tenir en août, de vous faire part de la façon dont nous envisageons d'aborder la prochaine étape de nos consultations touchant la Constitution. Au cours de la Conférence des Premiers ministres sur l'économie qui a eu lieu en février dernier, nous avons rapidement mentionné qu'il serait peut-être

nécessaire de réunir une conférence sur la Constitution, vers la fin de septembre. Au même moment, nous avons confirmé la tenue en novembre d'une conférence sur l'économie. Or, j'ai appris tout dernièrement qu'un Premier ministre au moins ne sera pas libre au cours de la période envisagée; il semble donc nécessaire de prévoir des dates avant le 15 septembre, ou après le 30. Mais comme les deux conférences seraient très rapprochées si la première avait lieu en octobre, je me permets de proposer trois jours dans la semaine du 11 septembre, soit du 13 au 15 inclusivement.

Même si ces dates précèdent légèrement le moment que nous avions d'abord envisagé, je ne crois pas qu'elles suscitent de problème pour ce qui est de la préparation du débat, étant donné la longue période pendant laquelle tous les gouvernements ont étudié cette question des changements constitutionnels, et les discussions approfondies que les Premiers ministres ont eues à plusieurs reprises ces dernières années. La mesure fédérale était, bien sûr, annoncée dans le discours du Trône d'octobre dernier, et à l'occasion des visites que j'ai faites dans les dix capitales provinciales au cours des derniers mois de 1977, j'ai traité de cette formule en deux étapes. J'ose donc espérer que les provinces seront prêtes à examiner en détail le projet de loi fédéral et les solutions de rechange aux propositions dudit projet de loi qu'elles aimeraient voir étudier par tous les gouvernements.

Vous voudrez sans doute réfléchir à l'ordre du jour et examiner s'il y a lieu d'admettre le public à la conférence ou de la tenir à huis clos. A propos de ce dernier

point, je me permets de signaler que je préconise la tenue d'une conférence ouverte au public, étant donné les précédents créés dernièrement à l'occasion des conférences des Premiers ministres et le vif intérêt que le public prendra vraisemblablement à nos délibérations. Quant à l'ordre du jour, sa forme finale pourrait être fixée par un échange de lettres entre nous ou encore au cours de réunions de ministres ou de fonctionnaires, si cette formule plaît davantage. Nous serions évidemment disposés à participer à ces réunions si, dans l'ensemble, elles paraissent utiles. Elles pourraient avoir lieu à un moment convenable après la Conférence des Premiers ministres des provinces, peut-être au cours de la dernière semaine du mois d'août.

Pour ma part, je m'attends que l'ordre du jour prévoie au moins l'étude du projet de loi fédéral et des solutions de rechange que les provinces proposeront à l'une ou l'autre de ses dispositions; l'étude de la meilleure façon d'entamer l'examen conjoint du partage des pouvoirs, y compris le choix des sujets qui devront être abordés très tôt et les accords en vue des études; la discussion d'autres questions d'ordre constitutionnel que les provinces pourraient vouloir soulever, et peut-être aussi un coup d'oeil sur les façons de procéder aux études mentionnées au chapitre IV du document "Le temps d'agir"; je souhaite aussi qu'il soit question de la formule d'amendement et du rapatriement de la Constitution. Au sujet de ce dernier point, j'espère qu'ensemble, même si nous n'avons pas le temps de nous entendre sur une formule donnée, nous pourrions au moins faire dans cette voie un pas qui nous rapprochera d'un accord.

Devrait aussi figurer à l'ordre du jour l'examen de nos futurs travaux sur les questions constitutionnelles, comme Premiers ministres. Il est certain que la conférence de septembre, malgré son importance, ne permettra de faire qu'une partie du chemin et que nous nous réunirons de nouveau dès l'hiver ou au début du printemps pour examiner l'état des travaux que nous aurons amorcés en ce qui concerne la seconde étape de la réforme constitutionnelle que nous envisageons.

Je recevrai avec plaisir vos observations sur les nombreuses questions abordées ci-dessus, plus spécialement sur les dates que j'ai proposées pour la tenue de notre conférence de septembre. Je me permets de vous signaler qu'étant donné l'intérêt considérable qu'offrent nos projets, je publierai la présente dans quelques jours.

Je vous prie d'agréer, Monsieur le Premier ministre, l'assurance de ma haute considération.

CA
Pin
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July 18, 1978

with the
compliments of

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Cabinet du
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—ECOST BONN:PMS REPLY AT CHANCELLORS DINNER JUL18

OLLOWING IS TEXT OF PMS REPLY AT CHANCELLORS DINNER JUL18:

EXT BEGINS QUOTE HERR BUNDESKRANZLER,FRAU SCHMIDT,MEINE DAMEN
ND FERREN

HESSE HAVE BEEN BUSY AND PRODUCTIVE DAYS.YET

ITH ALL THE PREOCCUPATIONS OF YOUR POSITION,MR CHANCELLOR,

OU HAVE FOUND TIME FOR WARM AND WISE WORDS WITH EACH OF YOUR

UMEROUS GUESTS.MORE THAN THAT,YOU HAVE BEEN KIND ENOUGH IN

Y OWN CASE TO INVITE ME TO STAY ON FOR A FEW DAYS IN GERMANY,

O SEE SOMETHING MORE OF YOUR COUNTRY,AND TO TALK AT GREATER

ENGTH WITH YOU,PRIVATELY AND EASILY,LIKE THE GOOD FRIENDS WE

AVE BECOME,BOTH ABOUT THOSE GREAT QUESTIONS THAT HAVE ABSORBED

S THIS PAST WEEK,AND ABOUT THE INCREASINGLY IMPORTANT RELATIONS

BETWEEN CDA AND THE FEDERAL REPUBLIC OF GERMANY.FOR ALL THIS,I

AM MORE GRATEFUL THAT I CAN SAY.

MR CHANCELLOR,WE IN CDA ARE GLAD TO HAVE SO MUCH THAT UNITES

S WITH THE FEDERAL REPUBLIC.THE GERMAN AND CDN PEOPLE SHARE

IES OF KINSHIP AND OF THE HEART AND SPIRIT.FOR MANY GERMANS,

THIS KINSHIP IS LITERAL,SINCE CDNS OF GERMAN ANCESTRY NOW FORM THE

THIRD LARGEST GROUP WITHIN CDAS POPULATION,AFTER THOSE OF BRIT AND

RENCH ORIGIN.

MORE BROADLY, WE SHARE IN THE CULTURAL HERITAGE OF WESTERN CIVILIZATION. OUR FEELINGS TOWARDS EACH OTHER ARE STRENGTHENED BY THE PRESENCE OF CDN TROOPS IN GERMANY AND OF GERMAN TROOPS TRAINING IN CDA. AND OUR LINKS ARE REINFORCED BY INVESTMENT AND TRADE.

YET WHEN WE LOOK AT THE EXTENT OF OUR MUTUAL INVESTMENT AND TRADE, WE SEE THAT IT IS GROSSLY UNDERDEVELOPED. GERMANY AND CDA, BOTH AMONG THE WORLD'S LEADING TRADING NATIONS, AND EACH SELLING A QUARTER OF ITS GNP ABROAD, HAVE LESS THAN 2 PERCENT OF THEIR TRADE WITH ONE ANOTHER. OUR ECONOMIES ARE ALMOST IDEALLY SUITED TO COMPLEMENT ONE ANOTHER, AND YET THIS HAS NOT/NOT OCCURRED.

HOW CAN WE EXPLAIN THIS? IS IT IN PART THE RESULT OF ASSUMING THAT WE KNOW EACH OTHER BETTER THAN IN FACT WE DO?

I SUSPECT THAT IT IS.

I SUSPECT THAT THE AVERAGE GERMANS VIEW OF CDA IS A ROMANTIC ONE--OF A LAND OF SPACES, OF RESOURCES AND WILDERNESS AND MOUNTAINS--AND THAT THE AVERAGE CDNS VIEW OF MODERN GERMANY IS NO/NO LESS DISTORTED. I SUSPECT THAT CDAS HISTORICAL TIES WITH BRIT AND FRANCE HAVE OBSCURED A REALISTIC VIEW OF THE CONTINENT, JUST AS GERMANS CLOSE ASSN WITH THE UNITED STATES MAY HAVE OBSCURED TO MANY GERMAN EYES THE SECOND REALITY IN NORTH AMERICA, DISTINCT AND DIFFERENT FROM THE UNITED STATES, BUT EQUALLY YOUR FIRM ALLY IN ALL THE GREAT ENTERPRISES OF DEMOCRATIC WESTERN SOCIETY.

WE HAVE TO ADMIT THAT, EVEN IN THIS AGE OF INSTANT COMMUNICATIONS, NATIONS AND PEOPLES STILL SEE EACH OTHER TOO OFTEN IN STEREOTYPES.

THE IMAGES WE HAVE ARE PARTIAL AND DEFECTIVE;THE RESIST CHANGE.
YET GERMANY IS BEGINNING TO OCCUPY A MUCH LARGER SHARE OF THE CDN
CONSCIOUSNESS NOW THAN FOR YEARS PAST;AND THE IMAGE WE HAVE OF YOU
IS,I BELIEVE,BECOMING A MORE ACCURATE REFLECTION OF GERMAN
REALITY THAT EVER BEFORE.

CDNS FIND MUCH TO ADMIRE IN GERMANY.YOU WILL NOT/NOT BE SURPRISED
TO KNOW THAT WE ADMIRE YOU AS WORKERS,PRODUCERS,ORGANIZERS AND
MANAGERS.WE THINK OF THE FEDERAL REPUBLIC AS A COUNTRY THAT,WITH
THE HELP OF OTHERS-BUT ABOVE ALL,BY ITS OWN EFFORTS-HAS
RECONSTRUCTED ITS SHATTERED ECONOMY AND GONE ON TO CREATE AND
TO DEFEND,AT THE STRATEGIC HEART OF EUROPE,ONE OF THE MOST STABLE,
PRODUCTIVE AND DYNAMIC SOCIETIES IN THE WORLD.THIS GREAT TASK
HAS BEEN ACCOMPLISHED IN CONDITIONS OF VIGOROUS DEMOCRACY AND
FREE INSTITUTIONS,ON A CIVILIZED MODEL OF SOCIAL COHESION AND
RESPONSIBILITY,AND WITH GREAT RESPECT FOR AN ANCIENT CULTURE.
YOUR ECONOMIC POLICY HAS MANAGED TO KEEP POPULAR EXPECTATIONS
WITHIN THE BOUNDS OF REALISM.

YOUR SYSTEM OF MANAGEMENT AND LABOUR RELATIONS HAS MAINTAINED
STABILITY AND PRODUCTIVITY IN YOUR INDUSTRY.
YOUR CONSTITUTIONAL PRACTISES HAVE AVOIDED THE PITFALLS OF
UNNECESSARY DUPLICATION WHILE ENSURING A STRONG VOICE FOR GERMANY
IN INTERNATIONAL AFFAIRS.

YOU HAVE FACED AND COME TO GRIPS WITH THE PROBLEMS OF URBAN
TERRORISM WITHOUT SACRIFICING THE INTEGRITY OF YOUR DEMOCRATIC
IDEALS.

IT IS THEREFORE HARDLY SURPRISING THAT YOUR CHANCELLOR ASSUMED THE PLACE OF LEADERSHIP HE OCCUPIED AT THE RECENT SUMMIT MTGS.

CDNS SEE AND APPRECIATE ALSO THAT GERMANY'S POLITICAL IMAGINATION AND LEADERSHIP ARE PLACED INCREASINGLY AT THE DISPOSAL OF THE INTERNATIONAL COMMUNITY. IN THE EAST, RECONCILIATION AND DETENTE GUIDE YOUR POLICY TOWARDS YOUR NEIGHBOURS, WHILE IN THE WEST, YOUR CONSTRUCTIVE STATESMANSHIP IN LEADING THE WAY TOWARD THE CREATION OF A NEW EUROPE AND NEW FORMS OF POLITICAL AND ECONOMIC ORGANIZATION. GERMANY'S STATESMANSHIP IN EUROPEAN COMMUNITY HAS BEEN OF DECISIVE HISTORICAL SIGNIFICANCE. IT HAS BEEN A MAJOR FACTOR IN THE MAINTENANCE OF INTERNATIONAL PEACE AND PROSPERITY AND PROMISES TO BE EVEN MORE SO IN YEARS TO COME. CDNS APPRECIATE THE VITAL IMPORTANCE FOR THEM OF DEVELOPING A SPECIAL RELATIONSHIP WITH THE EUROPEAN COMMUNITY.

AT THE SAME TIME, GERMANY, UNDER YOUR LEADERSHIP, MR CHANCELLOR, HAS BEEN STRENGTHENING ITS VIGOROUS TIES WITH NORTH AMERICA. GERMANY LEADS IN THE COMMON SEARCH FOR SOLUTIONS TO THE PROBLEMS OF THE INDUSTRIALIZED WORLD; AND GERMANY IS MORE PRESENT THAN EVER IN THE DIALOGUE WITH THE DEVELOPING COUNTRIES. CDNS, LOOKING ACROSS THE ATLANTIC, SEE AT THE CENTRE OF A RESURGENT EUROPE A STABLE AND POWERFUL FRIEND AND ALLY WITH WHOM THEY SHARE MUCH ALREADY AND WITH WHOM THEY WISH TO SHARE MORE.

AS TO WHAT GERMANS THINK OF CDA, PERHAPS I CAN FOCUS YOUR IMAGINE OF US MORE SHARPLY, AND LET YOU SEE US AS WE ARE. YOU WILL KNOW

THAT CDA IS A VAST COUNTRY. BUT, BY GERMAN STANDARD, IT IS AT THE
SAME TIME A SMALL COUNTRY, WITH A THIRD OF THE FEDERAL REPUBLICS
POPULATION. YOU WILL THINK OF US AS A YOUNG COUNTRY RAPIDLY
DEVELOPING AND CHANGING, AS A COUNTRY OF THE FUTURE--ALL THAT
IS TRUE ALSO. BUT WE ARE EQUALLY AN OLD COUNTRY, WHOSE BASIC CULTURAL
HERITAGE IS THE SAME EUROPEAN CIVILIZATION WE SHARE WITH YOU;
A COUNTRY WHICH HAS BEEN EVOLVING POLITICALLY SINCE THE 17TH
CENTURY AND IS NOW SEEKING TO ADAPT ITS BASIC POLITICAL
INSTITUTIONS, CREATED OVER A CENTURY AGO, TO CONTEMPORARY NEEDS.
YOU PROBABLY THINK OF US AS SUPPLIERS OF WHEAT AND WOOD PULP, OF
COAL AND OIL AND GAS, OF URANIUM. YOU MAY NOT/NOT RECOGNIZE US YET THE SOPH
STICATED TECHNOLOGIES WE HAVE DERIVED FROM OUR
GEOGRAPHY AND RESOURCES: FOR NEW TYPES OF AIRCRAFT AND COMMUNICATIONS
EQUIPMENT APPROPRIATE TO VAST DISTANCES AND DIFFICULT
CONDITIONS; FOR A UNIQUE AND UNIQUELY SUCCESSFUL MODEL OF NATURAL
URANIUM REACTOR, FOR MINING EQUIPMENT AND FARM MACHINERY.
CDA, A STRONG AND EXTRAORDINARILY FORTUNATE COUNTRY BY WORLD
STANDARDS, FOR ALL ITS GOOD FORTUNE HAS SOME PROBLEMS THAT ARE FOR
US ALONE TO SOLVE. THEY GO TO THE HEART OF OUR NATIONAL
EXISTENCE. WE ARE DEALING WITH THESE PROBLEMS. WE ARE ADDRESSING THEM
WITH PATIENCE, BUT WITH IMAGINATION AND WITH A SENSE OF URGENCY;
WITH RESPECT FOR ONE ANOTHER, FOR OUR HISTORY, FOR OUR ACCOMPLISHMENTS
AS A NATION, OF WHICH WE ARE PROUD, AND FOR THE COMPLEXITY AND
SENSITIVITY OF THE ISSUES AT STAKE; BUT ABOVE ALL, WITH ABSOLUTE

CONFIDENCE THAT WE WILL SUCCEED.

MR CHANCELLOR, YOU AND I HAVE JUST PARTICIPATED IN A SUMMIT MTG WHICH, UNDER YOUR GUIDANCE, HAS DEMONSTRATED ONCE AGAIN THE REMARKABLE CAPACITY OF OUR FREE PEOPLES AND DEMOCRATIC GOVTS TO ADAPT AND RENEW THEMSELVES: WE HAVE THE GRACE TO BEND WITH PRESSURE AND YET ARE TOUGH ENOUGH NOT/NOT TO BREAK UNDER IT. CDA EMERGED FROM THIS MTG YESTERDAY MORE THAN EVER CONVINCED THAT MUTUAL COOPERATION AMONGST LIKE-MINDED NATIONS IS THE ONLY HOPE FOR SECURITY AND PROSPERITY.

AND TODAY, MR CHANCELLOR, I BEGAN IMMEDIATELY TO ACT UPON THIS CONVICTION, WITHIN THE FRAMEWORK OF RELATIONS BETWEEN TWO OF THOSE NATIONS, THE FEDERAL REPUBLIC AND CDA: I HAD DOWN-TO-EARTH DISCUSSIONS WITH A GROUP OF LEADING FIGURES IN GERMAN BUSINESS AND INDUSTRY ABOUT WAYS IN WHICH CDNS AND GERMANS CAN WORK TOGETHER TO CREATE MORE JOBS AND PRODUCE MORE FOR EACH OTHERS BENEFIT. TOMORROW, YOU AND I WILL HAVE AN OPPORTUNITY TO BEGIN TWO DAYS OF PRIVATE TALKS. WE WILL WANT TO REFLECT TOGETHER ON WHAT WE AND THE OTHER PARTICIPANTS ACCOMPLISHED AT THE SUMMIT, AND HOW CDA AND THE FEDERAL REPUBLIC CAN TRANSLATE THESE ACCOMPLISHMENTS INTO PRACTICAL BENEFITS IN THEIR OWN RELATIONS AS WE MOVE FORWARD WITH OTHERS TO MEET THE SUMMIT GOALS.

WE COUNT UPON AN EVEN CLOSER PARTNERSHIP WITH GERMANY AS A PRACTICAL INSTRUMENT OF THAT RESOLVE.

WORKING CLOSELY WITH GERMANY, CDNS LOOK
...TO EARLY AND VIGOROUS ACTION TO RESTRAIN INFLATION AND ENCOURAGE
...7

EMPLOYMENT,

...TO THE URGENT REINFORCEMENT OF INTERNATIONAL SECURITY BY
BALANCED INITIATIVES IN TERMS OF MAINTAINING OUR MILITARY
COMMITMENT, ON THE ONE HAND, WHILE RESPONDING FLEXIBLY AND
POSITIVELY TO EVERY REALISTIC OPPORTUNITY FOR DETENTE AND ARMS
REDUCTION,

...TO A FRESH EFFORT TO ACCOMMODATE THE MUTUAL INTERESTS OF THE
DEVELOPING AND THE DEVELOPED NATIONS,

AND, ABOVE ALL,

...TO CONSTANT VIGILANCE FOR THE PROTECTION OF DEMOCRATIC VALUES
AND THE IDEALS OF WESTERN CIVILIZATION.

WE MUST ROOT THESE OBJECTIVES IN THE MUTUAL INTERESTS OF
OUR TWO COUNTRIES BY DRAWING EVEN TIGHTER THE SPIRITUAL TIES
AND COMMERCIAL LINKS I NOTED EARLIER. WE MUST BUILD ON THE
HUNDREDS OF THOUSANDS--EVEN THE MILLIONS--OF INDIVIDUAL
RELATIONSHIPS AMONG OUR CITIZENS.

MEINE DAMEN UND HERREN, ALLOW ME TO RAISE MY GLASS TO THE
HEALTH OF THE PRESIDENT OF THE FEDERAL REPUBLIC, TO THE CHANCELLOR
AND TO FRIENDSHIP BETWEEN OUR TWO COUNTRIES. UNQUOTE.



Office of
The Prime Minister

Cabinet du
Premier Ministre

August 1, 1978
le 1^{er} août 1978

NOTES FOR THE PRIME MINISTER'S ADDRESS
ON NATIONAL TELEVISION - AUGUST 1, 1978

NOTES POUR LE DISCOURS DU PREMIER MINISTRE
A LA TELEVISION NATIONALE - LE 1^{er} AOUT 1978

TO BE CHECKED AGAINST DELIVERY

TO BE EMBARGOED UNTIL DELIVERY

A VERIFIER AU MOMENT DE L'ALLOCUTION

SOUS EMBARGO JUSQU'AU MOMENT DE
L'ALLOCUTION

Good Evening!

Before leaving for Edmonton this week to join Her Majesty the Queen at the Commonwealth Games, I want to report to you on the Summit meeting of world leaders that took place in Bonn the week before last and also to discuss important new initiatives your government will be undertaking.

But first, let me say on behalf of us all, how happy we are that Her Majesty, Queen Elizabeth is once again able to visit our shores. Canadians everywhere acknowledge the dedication, charm, and quiet dignity of the Royal Family and I am very much looking forward to joining Her Majesty at the opening of the games.

The Summit came at a good time for Canada because while we have economic opportunities we also face some particularly difficult economic and unity problems. In this we are not alone. Every one of the great industrial democracies - the United States, Britain, France, Germany and Japan, face economic challenges of the most enormous and unprecedented nature. At Bonn we negotiated with the

best interests of our own country in mind, but we all recognized that there could be no real progress without joint action since our problems are profoundly interconnected.

Trade is Canada's life blood. We do 25% of our business by trading with other nations. When world conditions are unsettled we are troubled, and world conditions have been unsettled since the OPEC countries increased oil prices in 1973. The Bonn meeting made real progress in facing up to world conditions. At other summits that I have attended, we have talked of holding the line, and of shoring up the international situation. Bonn was different. We took positive steps to develop a comprehensive strategy to create new economic growth. In the words of our communique, we were determined to take steps to "create more jobs, fight inflation, strengthen international trading, reduce payments imbalances, and achieve greater stability in exchange markets".

The steps world leaders agreed to take were important and specific. Canada was not merely an observer of the work. We urged others to take certain actions - we ourselves agreed to fulfill certain commitments. So it was that President Carter agreed to take steps on energy, Prime Minister Fukuda agreed to increase Japanese imports, Chancellor Schmidt agreed to stimulate the Germany economy and I pledged to do all in Canada's power to achieve growth in the order of 5% for 1978.

Each of these initiatives, if successful, will help all of the countries whose leaders were gathered in Bonn. And action has already begun. This afternoon, for example, I received a message from Chancellor Schmidt, informing me of the decisive measures his government has taken to fulfill Germany's Summit commitments. But Canada too is expected to make its contribution. We must do all we can to remain a healthy united country. ---

It is with this determination to act that I return home to the tasks that face us here in Canada. In the past two days, I have talked with some of my senior colleagues about our economic plans and our unity

proposals. I have examined them in the light of what we know to be the outlook for the economy in the months ahead.

I have come to the conclusion that while I believe we are on the right course - we must now take much bolder action to ensure our continued prosperity and re-affirm the unity of the country. And make no mistake, the two are firmly linked. It is with this in mind that I have today called several Ministers back from their holidays for meetings early next week. Our purpose will be to take advantage of the opportunity offered us by the Summit and by our principal economic partners to further improve our common economic situation.

This means that there will not be an election at this time. I think most Canadians would agree that it is more important to work on the fundamental problems of the economy.

Much good economic work, of course, has already been done. The Bonn Communiqué recognizes that many of the steps other countries are committed to take are in the same direction as measures your government has already taken. In recent weeks and months we have:

- reduced sales taxes, to stimulate the economy;

- helped to make possible big projects like the Yukon gas pipeline, while reducing the irritants and providing new incentives for small businesses;
- given a new impetus to research and development which create jobs for today and new technologies for tomorrow. Both will benefit our educated youth;
- encouraged the development of renewable energy, particularly solar and wood waste, which will provide secure future sources of energy and create whole new industries.

These measures lay a solid foundation for our continuing progress, and as I mentioned earlier in this message, I am confident of continuing and growing prosperity in Canada -- and I am confident that Canadians are more than willing to do what is necessary to make it happen. But I also see some worrying developments -

- many Canadians, the old especially, cannot cope with world price increases in food, fuel, and shelter;

- wage negotiations, including some in the public sector, unless watched closely could fuel inflation again;
- too many young men and women are not working. Most because they cannot find jobs, some because they are too choosy;
- the Post Office is once again troubled by wildcat strikes;
- middle-income Canadians and the small businessmen are being squeezed by too many governments, too many regulations;
- and, businessmen who have had good profits this year are not confident enough to invest the capital that will make Canada grow stronger.

These developments are just not good enough for Canada they can undermine our potential prosperity, prosperity that can be ours if we want it; if we will it; and if we are all prepared to work for it.

To meet these challenges, and to fulfill the commitment I undertook at Bonn, I have come to the conclusion that we must have a major re-ordering of government priorities.

We must reduce the size of government and use the resources to sustain growth. To this end, in the weeks ahead, my colleagues and I will be announcing a series of new initiatives. I pledge to you now we will find the necessary resources and the political will in order to:

- stimulate the economy towards meeting our Bonn growth commitments;
- put more people, especially the young, back to work;
- stimulate new investments in manufacturing, energy and resources;
- look after those, especially our senior citizens, who are hurt by inflation (food prices in particular).

This we will do.

But I realize that these new policies must not be financed by increased government spending. So I make a further commitment. We will finance this new program by cutting from within, by using only saved resources to stimulate the economy. Therefore, as a necessary step to the re-ordering of government priorities, I would like to announce the following measures:

1. We will be cutting 2 Billion dollars from current and planned expenditures. Much of this money will be shifted to our new economic priorities. Without damaging the additional stimulus that must be provided, we shall be proposing reductions in both our expenditures and taxes.
2. We will achieve zero growth in the federal public service, and there will be an actual reduction in numbers of civil servants next year. The rule of this Government will be -- deliver more for less.
3. The federal government will be very tough in public sector wage negotiations. The public sector will not lead the private sector in wages and benefits. We are committed to follow a strict policy of comparability with the private sector.
4. We will remove the intrusions of many government policies and regulations from individuals and businesses; in some cases this will mean return functions to the private sector, in others it

will mean removing the heavy hand of government and its drag on personal initiatives.

5. The situation in the Post Office is intolerable and has been for some time. Canadians are loosing patience, they are increasingly fed up. So am I. The Postmaster General and I are convinced that a whole new start for management and labour is needed. Therefore, I have decided in consultation with the Postmaster General that the Post Office will become a crown corporation, free from many of the constraints of a government department. Steps will be taken toward this re-structuring so that once again Canadians will have efficient, business-like postal service.

The Bonn Summit gave to each of its participants a new sense of urgency. It has also offered us a special opportunity to undertake needed reforms. I am very confident that the future of this country has great promise and that the measures that I have announced tonight will help bring that promise about. I am sure you want those measures attended to on an urgent basis. This new work will start at once. Thank you. Good night.

August 1, 1978
le 1^{er} août 1978

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L'ALLOCUTION

A vérifier au moment de l'allocution

Avant de partir pour Edmonton rejoindre Sa Majesté la Reine aux Jeux du Commonwealth, je veux vous faire part des résultats du Sommet de Bonn, tenu il y a deux semaines, et vous expliquer certaines mesures nouvelles et importantes que le gouvernement mettra bientôt en oeuvre.

Mais d'abord, permettez-moi de dire au nom de tous les Canadiens, combien nous sommes heureux que Sa Majesté la reine Elizabeth ait accepté de séjourner parmi nous. Partout au pays, les Canadiens reconnaissent le sens du devoir, le charme et la dignité tranquille de la Famille royale et j'anticipe le moment où je pourrai me joindre à Sa Majesté pour l'inauguration des Jeux du Commonwealth.

Quant au Sommet de Bonn, il ne pouvait mieux tomber pour le Canada, car si nos perspectives économiques demeurent prometteuses, nous sommes quand même aux prises avec des problèmes particulièrement difficiles en ce qui a trait à notre économie et à l'unité du pays. La situation des autres n'est, en cela, guère différente. Toutes les grandes démocraties industrielles, dont les États-Unis, la Grande-Bretagne, la France, l'Allemagne et le Japon, sont confrontées à des défis économiques gigantesques et d'une nature tout à fait inédite. A Bonn, nous nous sommes employés à négocier chacun dans le meilleur intérêt de son propre pays, mais, tous, nous avons reconnu qu'aucun progrès réel ne serait possible sans une action commune,

car nos problèmes sont profondément interdépendants.

Le commerce est une nécessité vitale pour le Canada. Vingt-cinq pour cent de notre activité commerciale repose sur nos ventes à l'étranger. Lorsque la situation économique mondiale est incertaine, nous sommes inquiets. Et il faut dire que la situation mondiale a été passablement perturbée depuis que les pays de l'OPEP ont provoqué une hausse considérable du prix du pétrole en 1973. Le Sommet de Bonn a marqué un réel progrès dans la volonté de prendre en mains la situation mondiale. Lors des autres sommets auxquels j'ai participé, nous parlions de tenir le coup et de consolider la situation internationale. A Bonn, les choses se sont passées différemment. Nous avons posé des gestes concrets pour en arriver à une stratégie globale en vue de relancer la croissance économique. Dans les termes même de notre communiqué, nous étions décidés à prendre des mesures pour "créer plus d'emplois, combattre l'inflation, renforcer le commerce international, rééquilibrer davantage les balances commerciales et assurer plus de stabilité sur les marchés de change."

Les mesures sur lesquelles les dirigeants mondiaux se sont entendus sont à la fois importantes et précises. Le Canada ne s'est d'ailleurs pas contenté d'être un simple observateur au Sommet. Nous avons encouragé les autres à poser certains gestes, nous avons accepté de satisfaire nous-mêmes à certains engagements. C'est ainsi que le Président Carter a promis de prendre des mesures dans le domaine de l'énergie. Le Président Fukuda s'est engagé, pour sa part, à augmenter les importations japonaises. Quant au Chancelier Schmidt, il a consenti à stimuler l'économie allemande, tandis que je me suis

moi-même engagé à faire tout ce qu'il est possible au Canada d'accomplir, soit une croissance de l'ordre de 5 pour cent en 1978.

Tous ces engagements, s'ils sont respectés, serviront l'ensemble des pays dont les leaders étaient réunis à Bonn. D'ailleurs, on a déjà commencé à passer à l'action. Cet après-midi même, j'ai reçu un message du Chancelier Schmidt m'assurant que son gouvernement vient de poser des gestes décisifs pour satisfaire aux engagements pris par l'Allemagne lors du Sommet. On s'attend, bien sûr, à ce que nous fassions notre part. Nous devons en même temps faire tout notre possible pour demeurer un pays uni et en santé.

C'est donc avec une ferme volonté d'agir que j'entre au pays pour m'attaquer aux tâches qui doivent être accomplies au Canada. Au cours des deux derniers jours, je me suis entretenu avec mes principaux collègues de nos plans dans le domaine économique et de nos propositions pour renforcer l'unité canadienne. J'ai examiné tout cela à la lumière de ce que nous savons des perspectives économiques pour les mois à venir.

J'en suis arrivé à la conclusion que même si nous sommes sur la bonne voie, une action beaucoup plus énergique s'impose de notre part pour assurer le maintien de notre prospérité et réaffirmer l'unité du pays. Et ne vous y trompez pas, les deux sont étroitement inter-reliés. C'est avec ces idées en tête que j'ai rappelé de vacances, aujourd'hui même, plusieurs ministres pour la tenue d'entretiens au début de la semaine prochaine. Notre objectif sera de profiter de la chance que nous offre le Sommet de Bonn, et, avec l'aide de nos principaux partenaires économiques, d'améliorer davantage encore notre situation économique commune.

Cela veut dire qu'il n'y aura pas d'élections dans l'immédiat. Mais je pense que la plupart des Canadiens s'entendront pour dire qu'il est plus important de s'attaquer aux problèmes fondamentaux de notre économie.

Bien sûr, pas mal de travail valable a déjà été accompli. Le communiqué final du Sommet de Bonn reconnaît que bon nombre d'engagements pris par d'autres pays vont dans le même sens que les mesures déjà adoptées par le gouvernement canadien. Au cours des dernières semaines et des derniers mois, nous avons réduit la taxe de vente pour stimuler l'économie; nous avons contribué à rendre possibles des projets ambitieux comme le gazoduc du Yukon, tout en réduisant les tracasseries bureaucratiques et en prodiguant de nouveaux encouragements à la petite entreprise; nous avons donné un nouvel élan à la recherche et au développement qui créera des emplois pour aujourd'hui et de nouvelles techniques pour demain. Dans les deux cas, ce sont surtout nos jeunes diplômés qui en profiteront. Enfin, nous avons encouragé la mise au point de nouvelles façons d'exploiter l'énergie renouvelable, en particulier l'énergie solaire et celle tirée des résidus de la forêt, ce qui nous procurera des sources fiables d'énergie à l'avenir et créera de toutes nouvelles industries.

Ces mesures constituent de solides assises pour la poursuite du progrès chez nous, et, comme je le mentionnais plus tôt, je crois qu'il y a de bonnes chances que nous connaissions au Canada une prospérité croissante et durable. Je crois en outre que la plupart des Canadiens sont prêts à faire le nécessaire pour que cela se réalise. Par contre, je constate aussi certaines choses alarmantes: bon nombre de Canadiens, surtout parmi les personnes âgées, ne peuvent faire face à l'augmentation mondiale du prix des aliments,

du combustible et des loyers. Les négociations salariales, dont certaines dans le secteur public, peuvent, à moins d'être étroitement surveillées, alimenter à nouveau l'inflation. Trop de jeunes, hommes ou femmes, sont sans travail; la plupart parce qu'ils ne trouvent pas d'emploi, certains parce qu'ils sont trop exigeants dans leur choix. Les Postes sont encore victimes d'arrêts de travail sporadiques. Les Canadiens à revenu moyen et les dirigeants de petites entreprises sont contraints par trop de gouvernements et trop de règlements. Et, les hommes d'affaires qui ont obtenu des profits importants cette année, manquent de la confiance nécessaire pour investir le capital indispensable au renforcement de l'économie canadienne.

Le Canada ne peut se satisfaire d'une telle situation. Elle menace nos chances de prospérité, une prospérité parfaitement réalisable si nous en avons le désir, la volonté, et si nous sommes prêts à travailler pour l'atteindre.

Pour faire face à ces défis et m'acquitter des engagements que j'ai pris à Bonn, j'en suis venu à la conclusion que nous devons procéder à un changement majeur dans l'ordre de priorité des projets gouvernementaux. Nous devons réduire la taille de l'appareil gouvernemental et utiliser ces ressources pour maintenir notre croissance. Dans les semaines à venir, mes collègues et moi annonceront à cette fin une série de nouvelles mesures. Je m'engage dès maintenant à trouver les ressources et la volonté politique nécessaires pour: stimuler l'économie afin d'atteindre l'objectif de croissance que nous nous sommes fixé à Bonn; fournir des emplois à plus de gens et surtout aux jeunes; encourager de nouvelles mises de fond dans les secteurs de la fabrication, de l'énergie et des ressources; s'occuper de ceux qui sont touchés par l'inflation,

particulièrement en ce qui a trait aux prix des aliments, surtout dans le cas de nos personnes âgées.

Voilà ce que nous ferons.

Je reconnais toutefois que ces nouvelles orientations ne doivent pas être financées par une augmentation des dépenses de l'État. Je pousse donc plus loin notre engagement. Nous financerons ce nouveau programme en coupant les dépenses prévues et nous aurons recours uniquement aux ressources ainsi épargnées pour stimuler l'économie. En conséquence, et comme première étape du changement dans l'ordre de priorité du gouvernement, j'annonce les mesures suivantes:

1. Nous réduirons les dépenses prévues par l'État d'une somme de deux milliards de dollars. Le gros de cette somme servira à financer la poursuite de nos nouveaux objectifs économiques. Sans porter atteinte aux autres stimulants qui s'imposent, nous proposerons une réduction à la fois de nos dépenses et de nos taxes.
2. Il n'y aura aucune augmentation des effectifs dans les services publics fédéraux, il y aura même réduction l'an prochain. La ligne de conduite de ce gouvernement sera de produire plus, à moindre coût.
3. Le gouvernement fédéral se montrera plus sévère lors des négociations salariales dans le secteur public. En termes de salaires et de bénéfices, le secteur public suivra le secteur privé, au lieu de le devancer. Nous nous sommes engagés à suivre une stricte politique de conformité aux normes du secteur privé.
4. Nous éliminerons l'intrusion de plusieurs orientations et règlements du gouvernement dans le monde des affaires et dans la vie privée des gens. Dans certains cas, cela signifiera que nous confierons, à nouveau, certains services au secteur privé; dans

d'autres, cela équivaudra à éliminer certaines lourdeurs gouvernementales et ses entraves aux initiatives personnelles.

5. La situation qui existe aux Postes est inacceptable, et cela depuis un bon moment. Les Canadiens sont à bout de patience, et ils sont de plus en plus dégoûtés de la situation. Moi de même. Le ministre des Postes et moi-même sommes convaincus que ce dont nous avons besoin, c'est d'un nouveau départ à la fois pour l'administration et les travailleurs. J'ai donc décidé, en consultation avec le Ministre responsable, que le Service des Postes deviendra une société de la Couronne, dégagée de plusieurs des contraintes qu'impose un ministère de l'État. On prendra des mesures en vue de procéder à une réorganisation, afin que les Canadiens puissent à nouveau jouir d'un service postal sérieux et efficace.

Le Sommet de Bonn a conféré à chacun de ses participants une conscience nouvelle de l'urgence de la situation. Il nous a aussi offert une occasion spéciale d'entreprendre les réformes qui s'imposent. J'ai pleinement confiance en l'avenir de ce pays, et je crois que les mesures annoncées ce soir aideront à réaliser les promesses que cet avenir réserve aux Canadiens.

Votre désir, j'en suis assuré, est que ces mesures soient mises en place de toute urgence. Nous nous attaquons immédiatement à cette tâche.

Merci et bonsoir.

PRESS STATEMENT ISSUED July 21, 1978
AT END OF PRIME MINISTER'S VISIT TO
GERMANY

The Prime Minister of Canada and the Chancellor of the Federal Republic of Germany have completed three days of extended talks during which they exchanged views on a wide range of multilateral and bilateral questions of common interest.

They reviewed the recent economic summit meeting in Bonn and the implications for their respective countries. They expressed satisfaction with the results which demonstrate a new degree of precision in formulating common goals and enhanced resolve to achieve them.

They discussed a number of current international issues of major concern such as east-west relations, defence, disarmament and arms control, Africa, the Middle East and relations between the developed and developing countries. They found themselves in substantial agreement on all important points and considered it desirable to look for further opportunities to cooperate closely together and to concert their approaches in international organizations in which they both participate.

They also talked at some length about relations between Canada and the Federal Republic of Germany. The Prime minister underlined Canada's desire to broaden and deepen its ties with the Federal Republic, a leading member of the European

community, as a part of Canada's effort to achieve a better balance in its external relations. The Chancellor welcomed and reciprocated this desire and expressed confidence in Canada as a reliable partner and ally.

It was recognized that the present level of trade and exchanges between the two countries did not correspond to their present and potential importance to one another. It was therefore agreed that more intensive efforts should be made to explore promising possibilities of practical cooperation, particularly in the economic field. The forthcoming mission of the confederation of German industry (BDI) to Canada was mentioned as an important factor in such efforts. It was also agreed to give further encouragement to cultural and other forms of exchanges, including parliamentary exchanges, which would enhance mutual knowledge and appreciation between the two peoples.

With these objectives in mind, the Prime Minister and the Chancellor decided to establish regular political as well as financial and economic consultations at senior official level once a year, alternately in Ottawa and Bonn. They also felt that priority attention should be given to increasing industrial and defence cooperation and to exploring possibilities for joint development aid projects in third countries.

July 24, 1978
le 24 juillet 1978

TEXT OF CORRESPONDENCE BETWEEN THE PRIME
MINISTER AND PREMIER BENNETT OF BRITISH
COLUMBIA ON THE SUBJECT OF THE NEW
CONSTITUTIONAL PROPOSALS

TEXTE DE LA CORRESPONDANCE ENTRE LE
PREMIER MINISTRE ET LE PREMIER MINISTRE
DE LA COLOMBIE-BRITANNIQUE, M. BENNETT
AU SUJET DU PROJET DE LOI SUR LA
REFORME CONSTITUTIONNELLE



PRIME MINISTER · PREMIER MINISTRE

Ottawa
K1A 0A2
July 10, 1978

My dear Premier:

In your letter of June 26, you gave your government's initial response to the federal document called "A Time for Action" and the Constitutional Bill which was introduced in Parliament on June 20. Most of your letter was devoted to the procedure that might be followed for federal-provincial consultation on constitutional proposals, although you did go on to indicate that you preferred your own proposal for a new Senate to the one which we have proposed in the Constitutional Bill, and you indicated once again your desire to see British Columbia recognized as the fifth region of Canada.

On the two latter points, I am sure we will have every opportunity, at the forthcoming Conference of First Ministers on the Constitution, for a thorough discussion of the proposals you will be bringing forward. On the

The Honourable William Richards Bennett
Premier of British Columbia
Parliament Buildings
Victoria, British Columbia
V8V 4R3

question of process for consultation, a number of the points you raised in your letter have, I believe, been covered in my letter of July 7. The process, as I see it, is certainly not limited to the federal government seeking "merely your reactions" to federal proposals. I have said repeatedly that we will welcome alternative suggestions for the various proposals contained in the Constitutional Bill, and while our own ideas have been put forward after a good deal of thought and represent our considered views, we do not in any way preclude the possibility that other ideas may be presented which could, after discussion and reflection, seem even better. This approach applies not only to the federal-provincial process of consultation, but to ideas which may also be forthcoming in the course of the work of the Parliamentary Joint Committee which will soon begin its examination of the Bill.

I was somewhat surprised by your comment about the federal government proceeding with its proposals on the Constitution in the form of a Bill, with no prior consultation with the provinces. The forecast of a federal measure to be introduced in Parliament was made explicit in the Speech from the Throne last October and one of the main purposes of my visit to each provincial capital last fall, including my visit to you in Victoria on November 1 was to explain the two-phase approach we had in mind, and to amplify for you our intentions respecting the content of the measure, the broad outlines of which I had set out publicly in my own statement during the Throne Speech debate in the House of Commons.

We have brought forward the exposition of our constitutional proposals in the form of a Bill, rather than a White Paper, because we believe that the time for action has indeed come. We believe that discussions of real value to Canadians are more likely to take place on the basis of the sort of definite ideas, expressed in a concrete way, that are found in the Bill, and on the basis of clear counter-proposals which others may bring forward. We believe that such discussions can lead to the best possible decisions being taken, and taken within a reasonable time. The technique of using a Bill as a basis for discussion is not in the least intended to shut off debate, but is intended, rather, to facilitate a deeper discussion, with a greater chance of producing results of lasting value.

The forthcoming Constitutional Conference will provide us all with an opportunity to engage in such discussions and to show Canadians how close we can come to attaining a consensus on the important matters that we will be considering. And, in so far as your suggestion is concerned that the Conference might not provide us with enough time to deal with all the Phase I questions, I believe that is something we will be able to judge only as we come towards the end of that Conference. If at that time First Ministers are satisfied that good progress has been made and that further agreement is likely to be reached through the holding of another session of the Conference, I would certainly be happy to see such a further session take place.

As you sent copies of your letter to the other First Ministers, it would seem appropriate that I should do the same with this reply.

Sincerely,



8102 2004

Province of British Columbia
OFFICE OF THE PREMIER

1462

June 26, 1978

The Right Honourable
Pierre E. Trudeau, P.C., Q.C.
Prime Minister of Canada
Ottawa, Ontario

ORIGINAL TO

ORIGINAL ENVOYÉ À

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C.C. DOSSIERS C.P.M.

My dear Prime Minister:

I write to you to give you my initial response and that of my government to your recent initiatives on the constitutional front contained in Federal Government documents entitled "A Time for Action" and The Constitutional Amendment Bill introduced in Parliament on Tuesday last.

As you know, I have been advocating for some time the need to restructure the central institutions of federalism and make changes to the distribution of powers to make the Constitution more in tune with contemporary needs in Canada so, generally speaking, I welcome action being initiated at this time.

However, having said that, I want to express to you my serious concerns about the nature of the process of constitutional review that you propose to follow. In your proposals and your accompanying letter to me of June 12th you indicate a number of times that both with respect to the matters included in phase 1 and phase 2 you are "committed to extensive consultation with the Provinces...". It is the nature and scope of those consultations that I am concerned about and on which I seek your clarification.

I would hope that the consultation process with the provinces will not be limited to your seeking merely our reaction to your proposals. Rather I trust that

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the process will provide a full opportunity to the provinces to put forward their own proposals, if they so desire, to be treated at the conference table on an equal basis and with the same degree of deference as the Federal proposals now made public.

Speaking for my province, I can advise you that for many months we have been working on the development of a comprehensive set of constitutional proposals through our Cabinet Committee on Confederation. We expect to have them finalized by late August or early September. I expect that other provincial governments are doing likewise. That being the case, does the consultative process which you have in mind allow for the full and proper consideration by first ministers of any and all such proposals in an equal light? When phase 1 ultimately goes forward and becomes part of our Constitution will it represent a truly joint effort bringing together the proposals of all governments?

I hope that you envisage a consultation process along the lines just described. I fear that if the process is any thing less - for example, a few brief meetings during the summer at the officials' level, followed by a single First Ministers' Conference in the early autumn with an agenda consisting largely of the Federal proposals, followed by the introduction and passage of legislation in Parliament shortly after the conference - then there is a good chance that the new Canadian Constitution will neither have the support of many parts of the country nor contribute usefully to a lasting solution of many of our national problems.

On the federal/provincial scene over the past year or two we in British Columbia had thought that considerable progress had been made in having the federal government recognize the need for the provinces to be involved at the policy formulation stage - long before legislative action - on those subjects which impinge directly upon matters of provincial interest or concern. It is with considerable regret, therefore, that with no prior consultation with the provinces the federal government has seen fit to proceed with its proposals on the Constitution in the form of a Bill before Parliament. Such a technique seems to belie a great deal of the understanding that I thought was emerging between us. On the other hand, if this Bill is nothing more than a convenient way to initiate the kind of genuine consultation to which I have already made reference then I suggest it is

quite unrealistic for you to anticipate that one First Ministers' Conference in late September will be sufficient to address the phase 1 issues. These matters are of serious import to the future of the nation and are of no less concern or interest to the provinces because of the fact that they may in a strictly legal sense be capable of being amended by unilateral action of the Parliament of Canada.

My comments in this letter thus far have related to the nature of the process you have in mind for constitutional review. There is also a good deal that could be said concerning the substance of your proposals. This is not the occasion to go into details in that regard - indeed we are just now beginning the task of serious study of your proposals. However, by way of initial reaction, I can say that, in my view, the appointment process which you envisage for the new House of the Federation is fraught with difficulties and is unlikely to result in an upper house which effectively reflects regional interests. I fear that your appointment mechanism will result in a myriad of partisan allegiances, with regional interests being left very much in the background. One of British Columbia's constitutional papers will deal at length with a restructured upper house and we will recommend a process which, in our view, is much more effective in reflecting the regional interest.

As you know from previous pronouncements which I have made, the recognition of British Columbia as the fifth region in Canada for the purposes of full regional representation on the central institutions of federalism and on appropriate federal boards and commissions is, in our view, essential. Without elaborating upon this position now I wanted you to know that it is and will remain the corner stone of British Columbia's proposals insofar as it relates to the Senate, the Supreme Court of Canada and federal boards and commissions.

I will refrain from commenting further on your substantive proposals, saving that for future occasions.

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I look forward to hearing from you about the concerns I have raised in this letter, especially as to the nature of the consultative process which you envisage.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "W. R. Bennett". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

W. R. Bennett
Premier of British Columbia

c.c. The Honourable A. B. Campbell, P.C. Q.C.
The Honourable Allan Blakeney, Q.C.
The Honourable Peter Lougheed, Q.C.
The Honourable Frank D. Moores
The Honourable William Davis, Q.C.
The Honourable Rene Levesque
The Honourable Gerald A. Regan, Q.C.
The Honourable Richard B. Hatfield
The Honourable Sterling Lyon



PRIME MINISTER · PREMIER MINISTRE

TRADUCTION

Ottawa
K1A 0A2
le 10 juillet 1978

Monsieur le Premier ministre,

Dans votre lettre du 26 juin dernier, vous faites état de la réaction initiale de votre gouvernement au document du gouvernement fédéral intitulé Le temps d'agir, ainsi qu'au projet de loi sur la réforme constitutionnelle présenté au Parlement le 20 juin dernier. Votre lettre traite en grande partie du processus qui pourrait être suivi lors des consultations fédérales-provinciales sur les propositions constitutionnelles. Vous indiquez cependant que vous préférez votre proposition concernant un nouveau Sénat à celle que nous avons élaborée dans le Bill sur la Constitution. Vous réitérez aussi votre souhait de voir reconnaître la Colombie-Britannique comme cinquième région du Canada.

En ce qui a trait aux deux derniers points que vous abordez, nous aurons sûrement l'occasion, au cours de la prochaine conférence des Premiers ministres sur la Constitution, d'étudier à fond vos

L'honorable William Richards Bennett
Le Premier ministre de la Colombie-Britannique
Hôtel du Gouvernement
Victoria (Colombie-Britannique)
V8V 4R3

... 2

propositions éventuelles. Quant à la question du processus de consultation, je crois avoir traité, dans ma lettre du 7 juillet dernier, plusieurs des points que vous soulevez. Comme je l'entends, ce processus est loin de se limiter, de la part du gouvernement fédéral, à demander les réactions des provinces à ses propositions. J'ai dit à plusieurs reprises que nous accueillerons toutes les contre-propositions qui pourraient être faites et, bien que nos propres idées aient été avancées après mûre réflexion et représentent nos vues les plus éclairées, nous n'écarterons nullement la possibilité que d'autres idées puissent, après discussion et réflexion, s'avérer meilleures encore. Cela s'applique non seulement au processus de consultation fédérale-provinciale, mais aussi aux idées qui pourraient surgir au cours des travaux du Comité mixte du Parlement qui entreprendra bientôt l'étude du projet de loi.

J'ai toutefois été quelque peu surpris de votre affirmation que le gouvernement fédéral a présenté ses propositions constitutionnelles sous forme de projet de loi sans consultation préalable avec les provinces. Le Discours du Trône d'octobre dernier mentionnait pourtant explicitement que le Gouvernement prévoyait présenter une telle mesure au Parlement. Par ailleurs, l'une des raisons principales de ma visite dans la capitale de chacune des provinces, l'automne dernier, y compris ma visite à Victoria le 1er novembre, était d'expliquer la démarche, en deux étapes, que nous comptons entreprendre. Elle visait aussi à vous faire mieux connaître nos intentions concernant la teneur de la mesure dont j'avais publiquement énoncé les grandes lignes dans ma déclaration au cours des débats de la Chambre des communes sur le Discours du Trône.

Nous avons présenté nos propositions constitutionnelles sous forme de projet de loi, plutôt que sous forme de Livre blanc, parce que nous croyons en effet qu'il est grand temps d'agir. Nous estimons que les débats auxquels les Canadiens attachent une réelle importance doivent se fonder sur le genre d'idées précises, expressément définies, que l'on retrouve dans le projet de loi, ainsi que sur les contre-propositions claires et nettes que d'autres peuvent avancer. Nous croyons que de tels débats sont susceptibles de mener aux décisions les plus sages, et cela dans un délai raisonnable. Le fait de prendre un Bill comme base de discussion n'a pas du tout pour objet de restreindre le débat. Au contraire, nous avons proposé cette formule pour favoriser des discussions plus approfondies et assurer de meilleures chances d'obtenir des résultats durables.

La prochaine conférence sur la Constitution nous fournira à tous l'occasion d'entamer des discussions pratiques et de montrer aux Canadiens à quel point nous pouvons être près d'en arriver à un accord général sur les importantes questions que nous étudierons. Vous semblez croire que nous n'aurons pas assez de temps à la conférence pour discuter toutes les questions comprises dans la première étape. Je crois que c'est là une possibilité dont nous ne pourrions juger que lorsque nous arriverons au terme de la conférence. Si les Premiers ministres estiment alors qu'il y a eu des progrès notables et qu'il serait possible de parvenir à d'autres ententes au cours d'une session supplémentaire de la conférence, je serais certainement heureux de voir se prolonger nos débats.

Comme vous avez fait parvenir un double de votre lettre aux autres Premiers ministres provinciaux, j'ai cru bon faire de même dans le cas de cette réponse.

Je vous prie d'agréer, Monsieur le Premier ministre, l'assurance de ma haute considération.

(signé) Pierre Elliott Trudeau

TRADUCTION

le 26 juin 1978

Le très honorable Pierre E. Trudeau, C.P., c.r.
Premier ministre du Canada
Ottawa (Ontario)

Monsieur le Premier ministre,

Voici ma première réaction et celle de mon gouvernement à vos récentes initiatives dans le domaine constitutionnel dont font état le document du gouvernement fédéral intitulé "Le temps d'agir" et le projet de loi sur la constitution présenté au Parlement mardi dernier.

Comme vous le savez, je préconise depuis déjà quelque temps la nécessité de restructurer les institutions fédérales centrales et de modifier la répartition des pouvoirs afin d'amener la constitution au diapason des besoins contemporains au Canada. Dans l'ensemble, je vois donc d'un bon oeil toute intervention à cet effet.

Toutefois, je voudrais vous faire part de mes sérieuses préoccupations concernant la nature du processus de révision constitutionnelle que vous préconisez. Dans vos propositions ainsi que dans votre lettre du 12 juin, vous indiquez à plusieurs reprises, en parlant tant des points à étudier au cours de la phase 1 que de ceux à étudier au cours de la phase 2, que vous vous engagez à des consultations étendues avec les provinces. La nature et l'étendue de ces consultations me préoccupent et j'aimerais que vous m'apportiez certains éclaircissements.

J'espère que le processus de consultation avec les provinces ne se limitera pas, de votre part, à tenter d'obtenir une réaction à vos propositions. J'espère plutôt qu'il accordera aux provinces l'occasion de présenter, si elles le souhaitent, leurs propres propositions qui seront traitées à la table de conférence sur un pied d'égalité avec les propositions fédérales qui sont maintenant connues du public.

Pour ce qui est de ma propre province, je puis vous dire que depuis de nombreux mois notre comité du Cabinet chargé d'étudier la confédération élabore une série exhaustive de propositions constitutionnelles qui, nous l'espérons, seront au point vers la fin d'août ou le début de septembre. J'imagine que d'autres gouvernements provinciaux font de même. Si tel est le cas, le processus consultatif que vous préconisez prévoit-il que les premiers ministres accordent la même bonne attention à chacune de ces propositions? Lorsque la phase 1 sera effectivement en vigueur et partie de notre constitution, sera-t-elle vraiment le fruit d'un effort conjoint pour réunir les propositions de tous les gouvernements?

J'espère que le processus de consultation que vous prévoyez se rapprochera du modèle que je viens d'énoncer. Je crains que si tel n'est pas le cas, si, par exemple, le processus consiste en quelques brèves rencontres de fonctionnaires au cours de l'été, suivies d'une seule conférence des premiers ministres au début de l'automne dont l'ordre du jour comporterait surtout les propositions fédérales, à la suite de laquelle la loi serait présentée et adoptée au Parlement, il y a de bonnes chances que de nombreuses régions du pays n'accorderont pas leur appui à la nouvelle constitution canadienne et que celle-ci n'apportera pas une solution durable à nos nombreux problèmes nationaux.

Nous, en Colombie-Britannique, avons cru que depuis un an ou deux, sur la scène fédérale-provinciale, le gouvernement fédéral avait fait beaucoup de progrès en reconnaissant que les provinces doivent participer à la formulation des politiques - bien avant le stade législatif - pour les questions qui touchent directement leurs intérêts et leurs préoccupations. Par conséquent, c'est avec regret que nous constatons que le gouvernement fédéral a jugé bon, sans avoir consulté les provinces au préalable, de présenter ses propositions relatives à la constitution sous forme d'un projet de loi. Cette façon de faire semble aller

à l'encontre des bons rapports qui, selon moi, s'établissaient entre nous. Par contre, si le projet de loi ne constitue pour vous qu'une bonne façon d'entamer le genre de consultation véritable dont j'ai déjà fait mention, je crois qu'il est très irréaliste de votre part de penser qu'il suffira d'une conférence des premiers ministres à la fin de septembre pour traiter des questions de la phase 1. Ces questions peuvent avoir des conséquences sérieuses pour l'avenir de la nation et elles sont également très importantes pour les provinces parce que, dans le strict sens juridique, elles pourraient être modifiées unilatéralement par le Parlement du Canada.

Jusqu'ici je n'ai parlé que de la nature du processus de révision de la constitution que vous avez l'intention de suivre. Il y aurait toutefois beaucoup à dire également sur l'essence même de vos propositions. Je n'entrerais pas aujourd'hui dans les détails à ce sujet - en effet, nous ne faisons qu'entamer l'étude approfondie de vos propositions. Toutefois, je puis dire dès maintenant, qu'à mon avis le processus de nomination que vous envisagez pour la nouvelle Chambre de la Fédération est semé d'embûches et qu'il entraînera probablement la formation d'une chambre haute qui ne reflétera pas efficacement les intérêts des régions. Je crains que votre mécanisme de consultation ne reflète des allégeances partisans qui relègueront au dernier plan les intérêts des régions. Un des exposés de la Colombie-Britannique sur la constitution traitera longuement de la restructuration de la chambre haute et nous recommanderons un processus qui, à notre avis, réussira à mieux refléter les intérêts des régions.

Comme vous le savez d'après certaines de mes déclarations, nous considérons comme essentiel que la Colombie-Britannique soit reconnue comme la cinquième région du Canada et qu'elle soit pleinement représentée à ce titre, au sein des institutions fédérales centrales et des commissions et conseils fédéraux appropriés. Je ne m'étendrai pas sur ce sujet pour le moment, mais je voulais vous laisser savoir que cette position constitue et continuera de constituer la pierre angulaire des propositions de la Colombie-Britannique se rapportant au Sénat, à la Cour suprême du Canada et aux commissions et conseils fédéraux.

Je m'abstiendrai de commenter plus à fond vos principales propositions, mais ce n'est que partie remise.

Je compte bien recevoir de vos nouvelles au sujet des préoccupations que j'ai mentionnées dans la présente lettre, surtout en ce qui concerne la nature du processus de consultation que vous envisagez.

Je vous prie de croire, Monsieur le Premier ministre, à l'assurance de ma haute considération.

Le Premier ministre de
la Colombie-Britannique,

W.R. Bennett

C.C.: L'honorable A.B. Campbell, C.P., c.r.
L'honorable Allan Blakeney, c.r.
L'honorable Peter Lougheed, c.r.
L'honorable Frank D. Moores
L'honorable William Davis, c.r.
L'honorable René Lévesque
L'honorable Gerald A. Regan, c.r.
L'honorable Richard B. Hatfield
L'honorable Sterling Lyon

Conférence
Presidents

August 21, 1978
le 21 août 1978

TEXT OF PRIME MINISTER'S TELEX TO THE
PREMIERS OF AUGUST 18, 1978 ON THE
SUBJECT OF EXPENDITURE REDUCTIONS IN
THE FEDERAL PROGRAM

TEXTE DU TELEX ENVOYE PAR LE PREMIER
MINISTRE AUX PREMIERS MINISTRES
PROVINCIAUX TRAITANT DE REDUCTIONS DE
DEPENSES DANS UN GRAND NOMBRE DE
PROGRAMMES FEDERAUX

MESSAGE

PLACE	DEPARTMENT	ORIG. NO.	DATE	FILE/DOSSIER		SECURITY SÉCURITÉ
LIEU	MINISTÈRE	N ^O D'ORIG.				
						PRECEDENCE

REF

SUB/SUJ

MY DEAR PREMIER:

THE PRESIDENT OF THE FEDERAL TREASURY BOARD, THE HONOURABLE ROBERT ANDRAS, ANNOUNCED LAST WEDNESDAY A SERIES OF EXPENDITURE REDUCTIONS IN A LARGE NUMBER OF FEDERAL PROGRAMS. THESE REDUCTIONS REFLECT THE COMMITMENT WE MADE AS FIRST MINISTERS AT OUR FEBRUARY CONFERENCE TO REDUCE THE RATE OF GROWTH OF GOVERNMENT EXPENDITURES, AND ARE INTENDED TO IMPLEMENT, IN PART, MY PERSONAL COMMITMENT OF SEVERAL WEEKS AGO TO REDUCE THE FEDERAL GOVERNMENT BUDGET BY AT LEAST \$2 BILLION.

THE MAIN OBJECTIVE OF THIS EXERCISE IS, OF COURSE, TO REDUCE THE AMOUNT OF MONEY THAT THE FEDERAL GOVERNMENT IS SPENDING AND TO INCREASE THE EFFICIENCY WITH WHICH IT IS SPENT. HOWEVER, GIVEN THE SHARE THAT PAYMENTS TO PROVINCES REPRESENT IN THE FEDERAL BUDGET, IT IS TO BE EXPECTED THAT SOME PROVINCIAL PROGRAMS MAY BE AFFECTED BY A REDUCTION OR RE-ORDERING OF FEDERAL EXPENDITURES.

.../2

AFTER/RÉDACTEUR	DIVISION/DIRECTION	TELEPHONE	APPROVED/APPROUVÉ
			SG.....

IT IS TO EXPRESS OUR INTENTION TO MINIMIZE AS MUCH AS POSSIBLE THE EFFECTS OF THE FEDERAL MEASURES ON THE PROVINCES THAT MR. ANDRAS HAS INCLUDED THE FOLLOWING PARAGRAPH IN HIS RECENT STATEMENT:

"SOME OF THE REDUCTIONS WILL HAVE IMPLICATIONS FOR PROJECTS OR PROGRAMS THAT WE UNDERTAKE JOINTLY WITH THE PROVINCES. IN EACH CASE DISCUSSIONS WITH THE PROVINCES WILL BEGIN AS SOON AS POSSIBLE TO SEE HOW WE CAN ACCOMPLISH OUR OBJECTIVES WITH A MINIMUM OF DISRUPTION TO THE PRIORITIES OF OTHER LEVELS OF GOVERNMENT."

IN ADDITION TO THIS COMMITMENT, WE WILL UNDERTAKE TO FULLY DISCUSS WITH YOU BEFORE DECIDING TO MAKE CHANGES TO FEDERAL-PROVINCIAL CONTRACTUAL OR LEGISLATIVE ARRANGEMENTS PRESENTLY IN EFFECT. THE FEDERAL GOVERNMENT IS MOST ANXIOUS NOT TO AMEND UNILATERALLY EXISTING CONTRACTUAL OR LEGAL COMMITMENTS. IN CERTAIN CASES, WE WILL ASK THE PROVINCES TO START DISCUSSIONS OR NEGOTIATIONS OF SOME FEDERAL-PROVINCIAL AGREEMENTS WHEN WE FEEL THAT THE TERMS OF THE AGREEMENT MAKE IT DIFFICULT FOR THE FEDERAL GOVERNMENT TO MEET ITS COMMITMENT TO THE PEOPLE TO INCREASE THE EFFICIENCY OF ITS SERVICES AND TO REDUCE THEIR COSTS. IN OTHER CASES, WE MAY WISH TO INVOKE THE TERMINATION CLAUSE IN ORDER TO BE ABLE TO MODIFY IN DUE TIME THE WAY SOME JOINT OR SHARED-COST PROGRAMS HAVE BEEN FUNDED.

WITHIN THE EXPENDITURE CUTS ALREADY ANNOUNCED, EACH ONE OF THE FEDERAL DEPARTMENTS THAT ARE AFFECTED WILL EXAMINE THE EXPENDITURES THAT HAVE BEEN REDUCED OR ELIMINATED IN ORDER TO EVALUATE THOROUGHLY THE FEDERAL-PROVINCIAL IMPLICATIONS. IN THESE CASES, HOWEVER, OUR COMMITMENT IS THAT IN ANY CASE THE DOLLAR AMOUNTS OF EXPENDITURE REDUCTIONS ATTACHED TO DEPARTMENTS WILL REMAIN UNCHANGED.

I SHOULD ALSO LIKE TO NOTE THAT IN PAST YEARS, PROVINCIAL PREMIERS HAVE FREQUENTLY STATED THAT THE FEDERAL GOVERNMENT SHOULD WITHDRAW FROM A NUMBER OF FIELDS. FOR EXAMPLE, IN THEIR COMMUNIQUE ISSUED AFTER THE REGINA CONFERENCE OF AUGUST 9-11, PREMIERS EXPRESSED THE VIEW THAT "DUPLICATION IN MANY FIELDS HAS BEEN CAUSED BY FEDERAL INTRUSION" AND THAT "MORE STUDIES ARE NOT NEEDED; WE NEED...SPECIFIC ACTION ON SPECIFIC PROBLEMS". SOME OF THE FEDERAL EXPENDITURE REDUCTIONS ANNOUNCED AT THIS STAGE (FOR INSTANCE, IN THE FIELD OF HOUSING) SHOULD BE CONSIDERED AS AN INITIAL FEDERAL RESPONSE TO THE WISHES EXPRESSED SO CLEARLY BY PROVINCIAL PREMIERS. WE ARE OF COURSE PREPARED TO CONSIDER OTHER AREAS WHERE YOU WOULD WISH US TO WITHDRAW OUR PROGRAMS AND LEAVE THESE AREAS TO THE PROVINCES.

SINCERELY,

PIERRE ELLIOTT TRUDEAU
PRIME MINISTER OF CANADA

Telex to be sent to:

THE HONOURABLE PETER LOUGHEED, Q.C.
PREMIER OF ALBERTA
LEGISLATIVE BUILDING
EDMONTON, ALBERTA

THE HONOURABLE WILLIAM RICHARDS BENNETT
PREMIER OF BRITISH COLUMBIA
PARLIAMENT BUILDINGS
VICTORIA, BRITISH COLUMBIA

THE HONOURABLE STERLING LYON
PREMIER OF MANITOBA
LEGISLATIVE BUILDING
WINNIPEG, MANITOBA

THE HONOURABLE RICHARD B. HATFIELD
PREMIER OF NEW BRUNSWICK
LEGISLATIVE BUILDINGS
FREDERICTON, NEW BRUNSWICK

THE HONOURABLE FRANK D. MOORES
PREMIER OF NEWFOUNDLAND
CONFEDERATION BUILDING
ST. JOHN'S, NEWFOUNDLAND

THE HONOURABLE GERALD A. REGAN
PREMIER OF NOVA SCOTIA
PROVINCE HOUSE
HALIFAX, NOVA SCOTIA

THE HONOURABLE WILLIAM G. DAVIS, Q.C.
PREMIER OF ONTARIO
PARLIAMENT BUILDINGS
QUEEN'S PARK
TORONTO, ONTARIO

THE HONOURABLE ALEXANDER B. CAMPBELL, P.C., Q.C.
PREMIER OF PRINCE EDWARD ISLAND
PROVINCIAL ADMINISTRATION BUILDING
CHARLOTTETOWN, P.E.I.

THE HONOURABLE ALLAN BLAKENEY, Q.C.
PREMIER OF SASKATCHEWAN
LEGISLATIVE BUILDINGS
REGINA, SASKATCHEWAN

Monsieur René Lévesque
Premier Ministre du Québec
Hotel du Gouvernement
Québec, Québec
GlA 1A2

Monsieur le Premier Ministre,

Le Président du Conseil du Trésor fédéral, l'honorable Robert Andras, a annoncé mercredi soir une série de réductions des dépenses dans un grand nombre de programmes fédéraux. Ces réductions vont dans le sens de l'engagement que nous avons pris comme Premiers ministres, à notre conférence de février, de freiner le taux de croissance des dépenses de l'état. Elles visent aussi à remplir l'engagement personnel que j'ai pris il y a quelques semaines de réduire d'au moins \$2 milliards le budget du gouvernement fédéral.

Bien entendu, l'objectif principal de cette initiative est de réduire les dépenses fédérales et d'en améliorer les résultats. Cependant, étant donné la part que représentent dans le budget fédéral les virements aux provinces, on doit s'attendre qu'une réduction ou réaffectation des fonds fédéraux touche certains programmes provinciaux.

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C'est d'ailleurs dans le dessein de faire savoir notre intention de minimiser autant que possible les effets des mesures fédérales sur les provinces que M. Andras a inclus l'alinéa suivant dans sa récente déclaration:

"Certaines réductions auront des répercussions sur des projets ou programmes entrepris conjointement avec les provinces. Dans chaque cas, nous entamerons le plus tôt possible des discussions avec les provinces sur la façon d'atteindre nos objectifs en portant le moins atteinte aux priorités des autres niveaux de gouvernement."

En plus de cet engagement, nous prendrons les mesures nécessaires pour discuter à fond avec vous avant de décider d'effectuer des changements à tout arrangement fédéral-provincial de nature contractuelle ou législative présentement en vigueur. Le gouvernement fédéral désire vivement éviter d'amender unilatéralement les ententes contractuelles ou juridiques existantes. Dans certains cas, nous demanderons aux provinces de procéder à la discussion ou à la négociation de certains accords fédéraux-provinciaux, quand nous estimerons que les termes de l'accord gênent l'action du gouvernement fédéral dans l'engagement qu'il a pris auprès de la

population d'augmenter l'efficacité de ses services et d'en réduire les coûts. Dans d'autres cas, nous voudrions peut-être invoquer la clause de cessation de manière à pouvoir modifier en temps opportun la façon dont certains programmes conjoints ou à frais partagés sont financés.

Dans le cadre des coupures budgétaires déjà annoncées, chacun des ministères fédéraux concernés examinera les dépenses qui ont été comprimées ou éliminées pour évaluer très précisément les suites sur le plan fédéral-provincial. Cependant, en chaque cas, la somme des réductions de dépenses pour un ministère donné demeurera inchangée.

Je rappelle que, ces dernières années, les Premiers ministres provinciaux ont maintes fois souhaité que le gouvernement fédéral se retire de certains champs d'activité. Par exemple, dans le communiqué qu'ils ont émis à la fin de la conférence de Régina, du 9 au 11 août, ils ont exprimé l'opinion que "le double emploi résulte de l'ingérence du gouvernement fédéral dans des secteurs de compétence provinciale" et que "le temps n'est plus aux études, mais plutôt à des analyses et des actions précises sur des problèmes bien définis". Certaines des réductions de dépenses fédérales déjà annoncées

(comme, par exemple, à l'égard du logement) doivent s'interpréter comme une première réponse fédérale au désir exprimé si clairement par les Premiers ministres provinciaux. Bien sûr, nous sommes disposés à examiner d'autres champs d'activité dont vous voudriez que le gouvernement fédéral se retire au profit des provinces.

Veillez agréer, Monsieur le Premier ministre, l'assurance de ma haute considération.

Pierre E. Trudeau
Premier ministre du Canada



September 7, 1978
le 7 septembre 1978

TEXT OF LETTER OF PRIME MINISTER TRUDEAU
AUGUST 28, 1978, IN RESPONSE TO LETTER
FROM PREMIER LOUGHEED OF JUNE 30, 1978
WHICH WAS PREVIOUSLY MADE PUBLIC

TEXTE DE LA REPOSE DU PREMIER MINISTRE
TRUDEAU EN DATE DU 28 AOUT 1978, A LA
LETTRE DEJA RENDUE PUBLIQUE DU PREMIER
MINISTRE LOUGHEED EN DATE DU 30 JUIN 1978



PRIME MINISTER PREMIER MINISTRE

August 28, 1978

My dear Premier:

Thank you for your letter of June 30, 1978 regarding the sales tax reductions announced by my colleague, the Honourable Jean Chrétien, in the federal Budget of April 10, 1978.

As you noted in your letter, I had written on June 6, 1978 to Premier Blakeney, as Chairman of the Western Premiers' Conference, concerning a number of points raised in the Conference Communiqué on the sales tax measures. In particular, I found it necessary to clarify suggestions that the provinces had not been involved in the development of the federal proposal and that it represented a "unilateral and intrusive" action by the federal government. My letter, of course, was not intended to address positions taken by individual provinces on this matter, and I would not wish to belabour the points which I made to Premier Blakeney. Nevertheless, I would like to reiterate my firm conviction that the consultations undertaken by Mr. Chrétien on the federal proposal were certainly unprecedented and extensive. Furthermore, the tax reductions were only announced after it had been established that all provinces which levy sales taxes had no objection, at least in principle, to the appropriateness of these measures to stimulate the economy.

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The Honourable Peter Lougheed
The Premier of Alberta
Legislative Building
Edmonton, Alberta
T5K 2B7

During conversations with the Honourable Merv Leitch, as with other provincial Finance Ministers, Mr. Chrétien had, of course, referred to the restriction imposed by budget secrecy that there be no public discussion of the proposal prior to the budget. This restriction however, did not preclude interprovincial consultations and certainly did not preclude consultations among members of the same provincial Cabinet. Indeed, I am informed that Alberta participated in an all-day, federal-provincial meeting of officials in Ottawa on April 3, a full week before the budget announcement, during which the federal proposal was discussed in detail.

Despite the conversations between Mr. Chrétien and the Honourable Merv Leitch and the participation by Alberta in the above-noted officials' meeting, I can appreciate your perception that perhaps Alberta was not as fully involved in the consultations as were other provinces. However, if this was indeed the case, it simply reflected the fact that Alberta does not have a retail sales tax and on this basis would not be a participant in the program of sales tax reductions. With respect to the reference in the budget speech to Alberta's position on this matter, I understand that Mr. Chrétien contacted Mr. Leitch personally some time ago to apologize for the oversight.

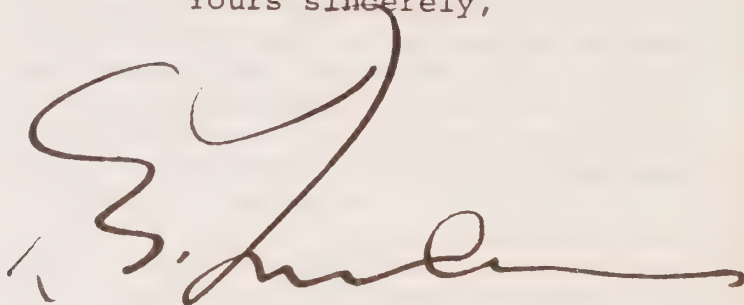
Your letter also refers to your concern with "the federal government's increasing tendency towards building provincial equalization into federal tax policies" which, in your view, recognizes four different classes of provinces. As regards the latter point,

the federal income tax, including the specific measures related to the sales tax initiative, is the same in all provinces except Quebec and Alberta. The real question of principle implied by your comments, however, is whether the federal government should be able to use regionally differentiated tax policies in the national interest, for instance, to encourage economic development in the low income areas of the country.

I agree that we should proceed cautiously in this regard. Nevertheless, I also believe that you would not wish to deny the central government the use of sales tax measures that may be found to be effective in alleviating the severe problems of economic disparities that are found, for the most part, in areas where provinces do not themselves have the financial resources adequate to the task. There are, of course, other instances not connected with regional disparities, where the federal government has implemented variations in national tax policies which would have different effects on specific regions, even though the measures themselves did not explicitly provide for this. Current examples of this approach are the income tax incentives introduced in the last budget respecting energy self-sufficiency. It is evident that since Canada's energy resources are found mainly in the west, and in Alberta in particular, the growth and other benefits from these particular incentives will accrue substantially to your region. I agree that this policy was adopted in the general interest of the country and, therefore, there are important national as well as regional benefits expected from it. However, the same can be said for any special tax measures that may be adopted in the fight to resolve the problems of regional disparities in Canada.

Our decision to provide different levels of compensation in connection with the sales tax initiative was also taken with the national perspective in mind. There was agreement both outside and inside government, at that time, that a general reduction in provincial sales taxes would be one of the most effective ways to increase demand. However, it was very doubtful that the eastern provinces would have been able to participate without some financial assistance from the federal government, and without their participation, the overall stimulative effect would have been substantially reduced. Non-participation by these governments would also have denied their residents the tax relief being made available in other "sales tax" provinces. This, we thought, was an important consideration in those areas where provincial sales taxes are high in comparison with those in other more fortunate regions.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'J. S. Mulcahy'. The signature is fluid and cursive, with a large loop at the top and a long, sweeping tail that extends to the right.

P.S. Since your letter of June 30 was made public, I will be releasing this letter within a few days. In addition, I am sending copies to the other provincial First Ministers.

Ottawa K1A 0A2
le 28 août 1978

Monsieur le Premier ministre,

J'ai bien reçu votre lettre du 30 juin dernier concernant les réductions de la taxe de vente annoncées dans le budget fédéral du 10 avril 1978 par mon collègue l'honorable Jean Chrétien.

Comme vous le mentionnez dans votre lettre, j'ai écrit le 6 juin 1978 au Premier ministre Blakeney, en sa qualité de président de la Conférence des Premiers ministres de l'Ouest, au sujet d'un certain nombre de points relatifs aux mesures touchant la taxe de vente soulevées dans le communiqué de la Conférence. J'ai cru nécessaire de relever certaines déclarations selon lesquelles les provinces n'auraient pas pris part à l'élaboration de la proposition fédérale et que celle-ci aurait constitué une mesure "unilatérale et une sorte d'ingérence" de la part du gouvernement fédéral. Ma lettre, il va de soi, ne visait pas les positions individuelles prises par les provinces en cette matière,

...2

L'honorable Peter Lougheed
Premier ministre de l'Alberta
Hôtel du gouvernement
Edmonton, Alberta
T5K 2B7

et je ne voudrais pas revenir ici sur les observations que j'ai communiquées à monsieur Blakeney. Néanmoins, permettez-moi de vous rappeler ma ferme conviction que les consultations entreprises par monsieur Chrétien à ce propos sont certainement sans précédent, et qu'elles ont été menées en profondeur. En outre, les réductions ont été annoncées uniquement lorsqu'il fut bien établi que toutes les provinces qui perçoivent ces taxes reconnaissent, du moins en principe, l'utilité de cette mesure pour stimuler l'économie.

Au cours des entretiens qu'il a eus avec l'honorable Merv Leitch, comme avec d'autres ministres provinciaux des Finances, monsieur Chrétien a évidemment rappelé à ses homologues qu'il ne fallait pas discuter cette affaire en public avant le dépôt du budget, qui doit être secret. Cette restriction, cependant, n'interdisait pas les consultations interprovinciales, et encore moins les discussions entre les membres d'un même cabinet provincial. Je sais en effet qu'une semaine avant le dépôt du budget, soit le 3 avril dernier, l'Alberta a participé, à Ottawa, à une réunion fédérale-provinciale de fonctionnaires, au cours de laquelle la proposition fédérale a été examinée en détail.

Malgré les conversations de monsieur Chrétien et de monsieur Leitch, et la participation de l'Alberta à la rencontre des fonctionnaires mentionnée ci-dessus,

je reconnais que vous pouvez avoir le sentiment que votre province n'a peut-être pas été consultée autant que d'autres. Si tel est vraiment le cas, cette situation traduit simplement le fait que l'Alberta ne perçoit pas de taxe de vente et que, par conséquent, elle ne participerait pas au programme de réductions de ladite taxe. Quant à la mention, dans l'exposé budgétaire, de la position de l'Alberta à ce sujet, on m'apprend que monsieur Chrétien a communiqué directement avec monsieur Leitch, il y a quelque temps, pour s'excuser de cette inadvertance.

Vous ajoutez que vous vous inquiétez de "la tendance croissante qu'a le gouvernement fédéral à incorporer la péréquation provinciale à la politique fiscale fédérale", ce qui, selon vous, établit quatre catégories différentes de provinces. A ce propos, je vous rappelle que le régime d'impôt fédéral sur le revenu, y compris les mesures particulières prises en matière de taxe de vente, est le même dans toutes les provinces, exception faite du Québec et de l'Alberta. La véritable question de principe que vous soulevez, cependant, est celle de savoir si le gouvernement fédéral devrait pouvoir appliquer des mesures fiscales de portée régionale dans l'intérêt national, par exemple, pour favoriser l'essor économique des régions du pays où les revenus sont faibles.

Je vous concède que nous devons être prudents en ce domaine. Je crois néanmoins que vous n'aimeriez pas refuser au gouvernement central le droit d'appliquer les mesures relatives à la taxe de vente qui pourraient amoindrir de graves problèmes de disparités économiques, surtout dans les régions où les provinces ne disposent pas elles-mêmes des ressources financières suffisantes. Il y a, bien sûr, d'autres cas dissociés de la question des disparités régionales où le gouvernement fédéral a mis en oeuvre des variations de la politique fiscale nationale, ayant des effets différents selon les régions, même si les mesures elles-mêmes ne le prévoyaient pas expressément. Les incitations fiscales prévues dans le dernier budget à l'égard de l'autarcie énergétique sont autant d'exemples courants de cette façon d'agir. Il est évident, étant donné que les ressources énergétiques canadiennes proviennent surtout de l'Ouest, et en particulier de l'Alberta, que c'est votre région qui bénéficiera, en bonne partie, de la croissance et des autres avantages qui découleront de ces incitations. Je conviens que nous avons adopté cette politique dans l'intérêt général du pays et, par conséquent, que nous en attendons d'importants avantages, tant sur le plan national que sur le plan régional. On peut toutefois dire la même chose de toute mesure fiscale spéciale susceptible d'être adoptée dans la lutte entreprise pour résoudre les problèmes de disparités régionales au Canada.

Notre décision d'offrir des avantages différents liés à la réduction de la taxe de vente a aussi été prise dans une perspective nationale. Il fut convenu à ce moment,

tant au sein du gouvernement qu'en dehors, qu'une réduction générale de la taxe de vente provinciale serait l'une des façons les plus efficaces d'accroître la demande. Il est cependant bien peu probable que les provinces de l'Est auraient pu appliquer cette mesure sans aide financière du gouvernement fédéral; et sans leur participation, l'effet de stimulation générale s'en serait trouvé largement réduit. La non-participation de ces gouvernements aurait en outre privé leurs habitants de l'allègement fiscal offert par les autres provinces qui perçoivent la taxe de vente. C'était là, avons-nous estimé, une considération importante dans ces régions où les taxes de vente provinciales sont élevées, comparativement à celles que perçoivent les régions plus fortunées.

Je vous prie d'agréer, monsieur le Premier ministre, l'assurance de ma haute considération.

originale signée
par

P. E. Trudeau

P.S. Comme vous avez déjà rendu publique votre lettre du 30 juin, je publierai de même ma réponse dans les quelques jours qui suivent. De plus, j'en fais parvenir copie aux autres Premiers ministres provinciaux.

Le 18 septembre 1978
September 18, 1978

TEXTE DE LA REPONSE DU PREMIER MINISTRE TRUDEAU EN
DATE DU 13 SEPTEMBRE 1978 A LA LETTRE DU PREMIER
MINISTRE BLAKENEY DU 22 AOUT LUI RELATANT LES CONCLU-
SIONS DE LA CONFERENCE DES PREMIERS MINISTRES
PROVINCIAUX, TENUE A REGINA LES 9 ET 10 AOUT DERNIERS

TEXT OF THE LETTER OF PRIME MINISTER TRUDEAU, SEPTEMBER 13,
1978, IN REPLY TO LETTER FROM PREMIER BLAKENEY OF AUGUST
22 WHICH CONVEYED THE CONCLUSIONS REACHED AT THE PREMIERS
CONFERENCE HELD IN REGINA ON AUGUST 9-10



PRIME MINISTER · PREMIER MINISTRE

Ottawa, K1A 0A2
September 13, 1978

My dear Premier:

Thank you for your letter of August 22 with which you sent me the four communiqués issued at the Premiers Conference held in Regina on August 9 and 10.

With much of what is in the communiqués my colleagues and I, in the federal government, are in full agreement. Indeed I regret the extent to which the form of presentation and other factors have led to an impression of disagreement and confrontation that has tended to ignore the degree to which there is agreement in important areas.

As you mention, the federal government agrees fully with the view expressed in the first communiqué that it is important to take early action on the problem of duplication of government services. It was for that reason that we proposed in our White Paper, "A Time for Action", that this matter should be taken in hand as an important priority. We proposed, as you know, that a meeting on the subject

The Honourable Allan Blakeney, Q.C.
Premier of Saskatchewan
Legislative Building
Regina, Saskatchewan
S4S 0B3

be held in mid-July but the provinces did not feel ready to proceed at that time. In the light of the position taken at the Premiers Conference, Mr. Lalonde and your Deputy Premier, Mr. Romanow, have been in touch with a view to arranging a meeting of the Ministers concerned during the latter part of September to discuss this question and, generally, to prepare for our forthcoming Conference on the Constitution. I share the hope of the Premiers that some early progress may be possible.

In respect of constitutional reform, dealt with in the second communiqué, again there are substantial areas of agreement between the position of the Premiers, as stated in the communiqué of August 10, and that of the federal government. My colleagues and I welcome the endorsement of the need for constitutional change. We have noted also that many topics mentioned in the communiqué have already been included in the proposals that the federal government put before Parliament on June 20. On the eleven subjects listed in the communiqué from the 1976 consensus of the Premiers, six are included in one form or another in the federal proposals. Three others relate to the distribution of powers and, as I indicated in my letter of July 7, the federal government would be ready to begin discussion of that fundamental matter at the conference proposed for this autumn. The remaining two items relate to taxation and the spending power. The federal government had already indicated in publications as long ago as 1969 its readiness to consider ways in which these matters can be tackled.

Of the six "Other Areas of Consensus" to which the communiqué refers, two are already covered by the June 20 federal proposals: the abolition of the powers of reservation and disallowance, and provincial involvement in appointments to the Supreme Court. The rest relate for the most part to the distribution of powers and would be covered in our discussions of that area of constitutional change. We agree too that the "Other Subjects" to which the communiqué refers require "early consideration".

Both your letter and the communiqué refer to the federal proposals in respect of the Crown and the Governor General. There has here been a serious misunderstanding of the nature of the proposals, a misunderstanding that the Premiers appear to share. As my colleague, the Minister of State for Federal-Provincial Relations, made clear in his statement to the Joint Parliamentary Committee on the Constitution on August 15, the purpose of the federal government is to make clear that the Queen remains the "sovereign head" of Canada and to have that position embedded formally in our Constitution. All that the proposals do with respect to the Monarch and the Governor General is to state the present reality as it is, taking into account the developments in our constitutional practice since 1867. It is the view of the federal government that, in any revised Constitution, such a statement of the present constitutional reality is desirable and it does not appear to me to be at variance with the views of the Premiers as expressed in your letter or in the second communiqué. It may well be that changes in the drafting of specific provisions could better reflect this intention and make more certain the desired result. We would, of course, welcome suggestions for such drafting changes.

The principles you enunciate in your letter include the belief that "institutional and jurisdictional problems interact in such a way that they must be considered together". Here too I think agreement in substance may be obscured by questions of method. Use of the terms "Phase I" and "Phase II" with respect to the federal proposals for the constitutional exercise may have given an impression of sequence in discussion and in consideration that was not our intention. The two "phases" were seen as a sequence in their respective target dates for the implementation of action but not, necessarily, for discussion and consideration. You will recall that I suggested that an item on the distribution of powers should be included in the agenda for the initial constitutional conference. There is no necessity for the "jurisdictional problems" to be considered apart from "institutional" areas: discussion of the two can begin and can proceed simultaneously. We think, however, that action that can constitutionally be taken in Canada, by Parliament acting within its own powers, should be taken. It should not have to wait upon other revisions that may require more time to consider and that can only be completed by the British Parliament. The federal government does not, any more than the Premiers, want an "unrealistic" or "rigid" time-table. It does, however, feel that some effective start should be made on constitutional change at the earliest possible moment, and in any event, before the electors of Quebec are called upon by their provincial government to choose between political independence on the one hand, and on the other, the preservation of a status quo which federal and provincial governments have proved incapable of changing despite 51 years of effort.

Referring again to the six principles in your letter, the federal government agrees fully that "proposals from all sources" must be given careful consideration. It agrees too that it is desirable to achieve the largest possible measure of agreement with the governments of the provinces. What we have done over the last months bears this out. It was in earnest of the government's commitment to hold discussion and to seek agreement that I outlined the plan for constitutional action to you and to all other Premiers when I met separately with each of you in the months preceding the Federal-Provincial Conference last February. It was for the same purpose that federal Ministers and officials visited eight Premiers and the designated Ministers in the other two provinces in June to confirm this commitment and to outline the government's proposals in more detail. After the proposals were made public on June 20, I proposed dates for the Constitutional Conference, on which we had agreed in principle last February, and suggested that Mr. Lalonde meet with his opposite numbers in the provinces to prepare such a conference. A Joint Committee of Parliament was established for full public discussion and the government published a number of documents on important aspects of the proposals as a basis for effective discussion with provincial governments and all the interested parties during the process of constitutional renewal. (Need I mention that many interested parties - including the Ontario Advisory Committee on Confederation, the Progressive-Conservative Party, the Canadian Bar Association, Canada West and so on - have been publishing their constitutional proposals and it would have been passing strange if the Government of Canada had been precluded from publishing its own proposals.)

In short, we have done everything we could to make clear that we want a full exchange of views with the provinces and as much agreement as can be achieved. The question is not whether agreement is desirable: it is. The question is whether, if the complete agreement of all provinces cannot be achieved, nothing whatever can be done - as nothing has been done in eight previous efforts to achieve major and far-reaching agreements on constitutional change, undertaken by six Prime Ministers of Canada, starting in 1927. The federal government believes that a continuation indefinitely of that total incapacity to act is not something that can or should be accepted as the inevitable result of a possible failure to get the agreement of each and every government. And that is why, on the elements of change that fall within the exclusive jurisdiction of Parliament under Section 91(1) of the B.N.A. Act, we felt impelled to set a deadline of one year.

Section 91(1) of the British North America Act empowers the Parliament of Canada to amend our Constitution in areas of federal concern just as Section 92(1) empowers each provincial Legislature to amend the Constitution in areas of provincial concern. There are, as you know, five clearly stated exceptions to the jurisdiction of Parliament under Section 91(1). The proposals we published on June 20 set forth areas of action that, in the opinion of the federal government and its legal advisers, are within the powers of Parliament. The fourth "principle" in your letter expresses "doubt" that the "federal government has the legal authority to act alone". The "authority" is, of course, a matter of constitutional law and resides in the Parliament of Canada, not in the government. With

-- regard to its extent, I am enclosing herewith a copy of a statement made in the Joint Parliamentary Committee on the Constitution by the Minister of Justice on August 31.

While there may be debate about the precise extent of the power of Parliament under Section 91(1), there can be no doubt that it exists and that it is extensive. Neither the "principles" in your letter nor the communiqué of August 10 appear to distinguish between constitutional changes that are within the jurisdiction of Parliament under Section 91(1) and those that are not. The provincial governments have, legitimately, shown a sensitivity about "intrusions" by the federal government into areas of their jurisdiction. I think many of the claims of intrusion are debatable. However, if there have been federal intrusions into areas of provincial jurisdiction, there has been none, I think, that is as direct and as sweeping as the provincial intrusion into federal jurisdiction that appears to be involved in the second Regina communiqué. In substance, if we understand it rightly, it declares that federal jurisdiction under Section 91(1) must not even be exercised, if it be "significant" or "important", except with the permission of the provincial governments. As I have said, the communiqué does not qualify that position as being in respect of matters that could, possibly, be considered to be outside the powers of Parliament under Section 91(1). The communiqué states that there should be no change that is "significant" or "important", no matter how clear the jurisdiction of Parliament may be, without the approval of ten provincial governments. We agree that provincial jurisdiction should be respected. The federal government feels that the jurisdiction of Parliament also must be respected.

However, the goal of the federal government is not confrontation; it is the attainment of the greatest possible measure of agreement, with the provinces and among the people of Canada, for those important changes in our Constitution that seem essential to the renewal of our Federation. But in the last analysis, Parliament itself must decide whether the national interest requires it to exercise the powers it possesses. And, the federal government does not accept the proposition that the power of Parliament under Section 91(1) can only be exercised with the approval of each provincial government.

Since the Minister of Justice made his statement on August 31, the Joint Parliamentary Committee has passed a motion to the effect that there should be a reference to the Supreme Court of Canada with regard to the jurisdiction of Parliament under Section 91(1) respecting the Senate and the Crown. There would be no purpose to be served in any reference with regard to the Crown since, as I have indicated, the intention of the government is to make no change in substance in that regard. It is simply a matter of finding the best words to carry out this intent. So far as the Senate is concerned, while the government and its advisers have no doubt as to the capacity of Parliament to legislate to the effect that is involved in Bill C-60, it seems undesirable to allow allegations of uncertainty in this regard to continue to impede concentration on the substance of the question of a second Chamber in a revised Constitution. We are also conscious of the doubt the Premiers expressed in this regard in the Regina communiqué. My colleagues and I have accordingly decided to make a reference to

the Supreme Court to clarify Parliament's jurisdiction to make changes affecting the Senate or to legislate for its replacement by a different second Chamber. Making the reference does not, of course, mean any lessening in the desire that I have expressed to see constitutional change effected with the full agreement of the provinces. Indeed, the reference should in no way preclude our exchanging views, in the meantime, on the best role and structure for the Upper Chamber of Parliament in a renewed Federation. Our making the reference is simply a matter of wishing to have certainty about the capacity of Parliament to act if, after full discussion with the provinces, it is found that the only way in which action can be achieved is by Parliament taking its own responsibilities, within its constitutional powers, in what it considers the national interest to require.

With regard to the economy, dealt with in the third communiqué, there appears to be substantial agreement among all governments. The federal government shares the desire of the Premiers to continue the course that was started in the early months of 1978 and in the conference of last February to achieve national co-operation on economic strategy. Our meeting of First Ministers this autumn will permit us to continue that co-operation. I think it would undoubtedly be desirable to consider then whether meetings on the economy in November of each year should be made a regular feature. As you know, the federal proposals on the Constitution include the provision that was agreed on at Victoria in 1971 which would make it a constitutional requirement to have at least one meeting of federal and provincial First Ministers in each year.

The federal government welcomes the expressed approval of the Premiers for "a fiscal position of continuing restraint". The actions of the federal government in recent weeks, in which it has announced major reductions in existing and planned expenditures, are ample indication that it shares the Premiers' view in that respect. In the re-ordering of priorities that has occurred through these reductions, we have had in mind the Premiers' concern, which we share fully, for a reduction in the problem of duplication of services.

The federal government shares the sense of urgency about problems relating to the economy that is expressed in the third communiqué. It will be putting before Parliament, when it meets, a number of measures relating to the economy. It would clearly be most desirable to have the views of the provinces on many matters in order that action can be on the basis of as much agreement and co-operation as possible. At our Conference on the Economy last February, we agreed to hold a Conference on the Constitution in September and a further Conference on the Economy in November. While it did not prove possible to hold the Constitutional Conference in September, and while we have now agreed to hold it on October 30-31 and November 1, I believe we should make every effort to carry out our original purpose and hold the Conference on the Economy before the end of November. I would be pleased if you would let me know if this would be acceptable to you. In sending copies of this letter to your fellow-Premiers, I shall raise the same question with them. In the meantime, I am asking the officers of the Federal-Provincial Relations Office to get in touch with their opposite numbers in the provinces to explore possible dates.

Perhaps I can refer very briefly to the fourth communiqué on inter-provincial trucking. Once again, it appears to reflect substantial areas of agreement with the federal government. The views set forth are similar to those that have been expressed by my colleague, the Minister of Transport, to the Canadian Conference of Motor Transport Administrators in September, 1977, and on other occasions.

Sincerely,

A handwritten signature in dark ink, appearing to be "G. L. L. L." with a long horizontal flourish extending to the right.

TRADUCTION

Ottawa, K1A 0A2
le 13 septembre 1978

Monsieur le Premier ministre,

J'ai bien reçu votre lettre du 22 août dernier, ainsi que les quatre communiqués émis à la conférence des premiers ministres, tenue à Regina les 9 et 10 août.

Mes collègues du Gouvernement fédéral et moi sommes en parfait accord avec une bonne partie du contenu des communiqués. Toutefois, je déplore vraiment que le mode de présentation et d'autres facteurs aient donné une impression de désaccord et de confrontation qui a concouru à méconnaître dans quelle mesure il y avait entente entre nous dans des domaines importants.

Comme vous le mentionnez, le Gouvernement fédéral partage entièrement l'opinion exprimée dans le premier communiqué, selon laquelle il importe de prendre sans tarder des mesures relativement au problème du chevauchement des services gouvernementaux. C'est pour cette raison que nous avons proposé dans notre Livre blanc, Le temps d'agir, que l'on règle

L'honorable Allan Blakeney
Premier ministre de la Saskatchewan
Hôtel du gouvernement
Regina (Saskatchewan)
S4S 0B3

cette question en toute priorité. Comme vous le savez, nous avons proposé de tenir une réunion à la mi-juillet pour en discuter, mais les provinces ne se jugeaient pas prêtes à ce moment-là. A la lumière de la position adoptée à la conférence des premiers ministres, l'honorable Marc Lalonde a communiqué avec votre vice-premier ministre, M. Romanow, afin d'organiser pour la fin du mois de septembre une réunion des ministres intéressés pour discuter cette question et, de façon générale, préparer notre prochaine conférence sur la Constitution. Je partage l'espoir des premiers ministres que des progrès puissent être réalisés à brève échéance.

Pour ce qui est de la réforme constitutionnelle, sujet qu'aborde le deuxième communiqué, là encore, il y a de nombreux points de convergence entre la position adoptée par les premiers ministres, telle qu'énoncée dans le communiqué du 10 août, et celle du Gouvernement fédéral. Mes collègues et moi sommes heureux de constater la reconnaissance accordée au besoin d'un changement constitutionnel. Nous avons aussi constaté que plusieurs des sujets abordés dans le communiqué sont déjà compris dans les propositions que le Gouvernement fédéral a présentées au Parlement le 20 juin dernier. Des onze sujets énumérés dans le communiqué, faisant état de l'accord général auquel en sont arrivés les premiers ministres provinciaux en 1976, six figurent sous une forme ou une autre dans les propositions fédérales. Trois autres ont trait au partage des pouvoirs et, comme je l'ai mentionné dans ma lettre du 7 juillet, le Gouvernement fédéral serait prêt à entamer la discussion de cette question fondamentale à la conférence prévue pour cet automne. Les deux points qui restent ont trait à la fiscalité et au pouvoir de dépenser. Le Gouvernement fédéral avait déjà indiqué dans des publications, dès 1969, qu'il était disposé à examiner des façons de s'attaquer à ces questions.

Des six "autres terrains d'entente" que signale le communiqué, deux sont déjà visés par les propositions fédérales du 20 juin: l'abolition des pouvoirs de réserve et de désaveu, et la participation des provinces à la nomination des juges à la Cour suprême. Le reste a trait surtout au partage des pouvoirs, et il en sera question lors de nos discussions sur cet aspect de la réforme constitutionnelle. Nous reconnaissons aussi que les "autres questions" mentionnées dans le communiqué "méritent d'être étudiées au plus tôt".

Votre lettre et le communiqué font tous deux état des propositions fédérales concernant la Couronne et le Gouverneur général. La nature de ces propositions a donné lieu à de sérieux malentendus, auxquels semblent avoir succombé les premiers ministres provinciaux. Comme mon collègue le ministre d'Etat chargé des Relations fédérales-provinciales l'a clairement indiqué dans la déclaration qu'il a faite devant le Comité parlementaire mixte de la Constitution, le 15 août dernier, l'objectif du Gouvernement fédéral est de bien préciser que la Reine demeure "la Souveraine" du Canada et de consigner ce fait officiellement dans la Constitution. Pour ce qui est du monarque et du Gouverneur général, les propositions ne font que tenir compte de l'état actuel des choses, et entériner les changements qu'a subie notre pratique constitutionnelle depuis 1867. Le Gouvernement fédéral estime qu'il est souhaitable de faire état de la situation constitutionnelle actuelle dans toute nouvelle Constitution et il ne me semble pas que cette opinion aille à l'encontre des vues des premiers ministres provinciaux, telles qu'exprimées dans votre lettre et dans le deuxième communiqué. Il est possible que certains changements dans la formulation de dispositions précises permettent de mieux traduire cette intention et d'obtenir avec plus de certitude le résultat escompté. Bien entendu, toutes propositions de changements de formulation seraient les bienvenues.

Parmi les principes énoncés dans votre lettre, on retrouve l'opinion que "les problèmes d'institutions et de compétence sont d'une telle interdépendance qu'ils doivent être étudiés ensemble". Là encore, je crois que des questions de méthode peuvent obscurcir le fait qu'il existe une entente sur le fond. L'emploi des termes "première étape" et "deuxième étape" dans les propositions fédérales relatives au projet de réforme constitutionnelle ont peut-être donné l'impression qu'il existe un ordre à suivre dans notre discussion et examen de la question, mais telle n'était pas notre intention. Les deux "étapes" étaient envisagées comme se succédant quant aux échéances de leur mise en oeuvre, mais pas nécessairement pour la discussion et l'examen de leur contenu. Vous vous souviendrez sans doute que j'avais proposé de faire mettre la question du partage des pouvoirs à l'ordre du jour de la première conférence constitutionnelle. Il n'y a pas lieu d'examiner les "problèmes de compétence" séparément des questions "institutionnelles"; on peut entamer et poursuivre simultanément la discussion de l'un et l'autre. Cependant, nous estimons que les mesures qui peuvent constitutionnellement être prises au Canada par le Parlement lui-même devraient effectivement être prises. On ne devrait pas attendre que soient effectuées d'autres révisions qui risquent d'exiger un examen plus long et qui peuvent être parachevées seulement par le Parlement britannique. Le Gouvernement fédéral ne veut pas plus que les premiers ministres provinciaux un calendrier "irréaliste" ou "inflexible". Il juge toutefois qu'il faudrait commencer la réforme constitutionnelle le plus tôt possible, en tous cas avant que les électeurs du Québec soient appelés par leur gouvernement provincial à choisir, d'une part, entre l'indépendance politique et d'autre part, le maintien du statu quo, que les gouvernements fédéral et provinciaux se sont montrés incapables de changer, malgré cinquante-et-un ans d'efforts.

Pour en revenir aux six principes énoncés dans votre lettre, le Gouvernement fédéral est parfaitement d'accord avec l'idée que "les propositions émanant de toutes les sources doivent faire l'objet d'un examen minutieux". Il reconnaît en outre qu'il est souhaitable d'en arriver à une entente la plus complète possible avec les gouvernements provinciaux. Les démarches que nous avons entreprises au cours des derniers mois le prouvent. C'était pour respecter l'engagement du Gouvernement à entreprendre des discussions et à chercher à obtenir l'assentiment des provinces que je vous ai exposé le plan de réforme constitutionnelle, à vous et à tous les autres premiers ministres provinciaux, lorsque je vous ai rencontré, chacun de vous personnellement, au cours des mois qui ont précédé la conférence fédérale-provinciale de février dernier. C'est pour cette même raison que les ministres et fonctionnaires fédéraux ont rendu visite, en juin, à huit premiers ministres et aux ministres désignés des deux autres provinces, afin de confirmer cet engagement et exposer plus en détail les propositions du Gouvernement. Après que les propositions aient été rendues publiques, le 20 juin, j'ai proposé des dates pour la tenue de la conférence constitutionnelle, sur laquelle nous nous étions entendue en principe en février dernier, et j'ai proposé que M. Lalonde rencontre ses homologues provinciaux pour préparer cette conférence. On a créé un comité parlementaire mixte afin de permettre un débat public exhaustif, et le Gouvernement a publié un certain nombre de documents portant sur des aspects importants des propositions afin de fournir une base à une discussion valable avec les gouvernements provinciaux, ainsi qu'avec toutes les autres parties intéressées, au cours du processus de réforme constitutionnelle. (Dois-je vous rappeler que bien des groupes intéressés, l'Advisory Committee on Confederation de l'Ontario, le Parti progressiste-conservateur, l'Association du barreau canadien, Canada West, etc., ont publié des propositions de modification constitutionnelle et qu'il aurait paru étrange que le Gouvernement du Canada ne puisse publier ses propres propositions.)

Bref, nous avons fait tout ce que nous pouvions pour bien faire comprendre que nous désirons obtenir un échange de vues complet avec les provinces, ainsi qu'une entente aussi complète que possible. La question n'est pas de savoir si une entente est souhaitable: elle l'est. Il s'agit plutôt de déterminer si, faute du consentement unanime des provinces, nous serons réduits à l'impuissance - comme dans le cas des huit tentatives faites successivement par six premiers ministres du Canada, à partir de 1927, en vue de parvenir à des ententes importantes et de grande portée. Le Gouvernement fédéral estime que nous ne pouvons pas et que nous ne devrions pas continuer d'accepter indéfiniment d'être paralysés parce que nous ne pouvons pas obtenir l'assentiment de tous et chacun des gouvernements. C'est pourquoi nous nous sommes sentis obligés de fixer un délai d'un an pour les changements qui relèvent exclusivement du Parlement, aux termes du paragraphe 91(1) de l'A.A.N.B..

Le paragraphe 91(1) de l'Acte de l'Amérique du Nord britannique donne au Parlement du Canada le pouvoir de modifier la Constitution dans les secteurs de compétence fédérale, tout comme le paragraphe 92(1) donne à chaque législature provinciale le pouvoir de modifier la Constitution dans les secteurs de compétence provinciale. Comme vous le savez, cinq exceptions bien nettes au pouvoir du Parlement sont mentionnées au paragraphe 91(1). Les propositions que nous avons publiées le 20 juin signalent des secteurs qui, de l'avis du Gouvernement fédéral et de ses conseillers juridiques, sont du ressort du Parlement. Le quatrième "principe" mentionné dans votre lettre affirme que les premiers ministres provinciaux "doutent que le Gouvernement fédéral ait juridiquement le pouvoir d'agir seul". Le "pouvoir" est, évidemment, une question de droit constitutionnel et il appartient au Parlement du Canada, non au gouvernement. En ce qui a trait à sa portée, je joins à la présente copie de la déclaration faite par le ministre de la Justice devant le Comité parlementaire mixte de la Constitution, le 31 août dernier.

On peut ne pas s'entendre sur la portée précise du pouvoir accordé au Parlement par le paragraphe 91(1), mais on ne peut nier qu'il existe et que sa portée est grande. Ni les "principes" énoncés dans votre lettre, ni le communiqué du 10 août ne semblent établir une distinction entre les changements constitutionnels qui relèvent de la compétence du Parlement en vertu du paragraphe 91(1) et ceux qui n'en relèvent pas. Les gouvernements provinciaux se sont, à raison, montrés sensibles aux ingérences du Gouvernement fédéral dans leur sphère de juridiction. Selon moi, le bien-fondé de ces accusations d'intrusion est souvent discutable. Cependant, s'il y a eu des ingérences fédérales dans la sphère de compétence des provinces, aucune, je crois, n'a été aussi directe et radicale que l'ingérence provinciale qui semble ressortir du deuxième communiqué de Regina. Si nous comprenons bien, il y est dit en substance que le pouvoir accordé au Parlement fédéral par le paragraphe 91(1) ne doit pas être exercé, si le changement est "significatif" ou "important", sans la permission des gouvernements provinciaux. Comme je l'ai dit, le communiqué ne précise pas que cette position a trait à des questions qui pourraient possiblement être considérées comme échappant aux pouvoirs accordés au Parlement par le paragraphe 91(1). Le communiqué déclare qu'il ne devrait y avoir aucun changement "significatif" ou "important" sans l'approbation des dix gouvernements provinciaux, quelque indiscutable que soit le pouvoir du Parlement de l'effectuer. Nous convenons qu'il faut respecter la sphère de compétence des provinces, mais nous estimons que la sphère de compétence du Parlement doit être respectée au même titre.

Le but poursuivi par le Gouvernement fédéral n'est pas la confrontation, mais la recherche de l'entente la plus complète possible avec les provinces et les citoyens canadiens sur les changements constitutionnels importants qui semblent indispensables au renouvellement de la fédération. Mais, en dernière analyse, c'est le Parlement lui-même qui doit décider si l'intérêt national

lui commande d'exercer les pouvoirs qui lui ont été confiés. Aussi, le Gouvernement fédéral n'accepte-t-il pas l'idée selon laquelle le pouvoir du Parlement aux termes du paragraphe 91(1) ne peut être exercé qu'avec l'approbation de chaque gouvernement provincial.

Depuis que le ministre de la Justice a fait sa déclaration, le 31 août, le comité parlementaire mixte a adopté une proposition à l'effet qu'il faudrait demander à la Cour suprême du Canada de statuer sur les pouvoirs accordés au Parlement par le paragraphe 91(1) relativement au Sénat et à la Couronne. Il ne servirait à rien de demander à la Cour de se prononcer sur la question de la Couronne puisque l'intention du Gouvernement est, comme je l'ai indiqué, de laisser intacte la substance des dispositions à ce chapitre. Il s'agit tout simplement de trouver les termes qui conviennent pour traduire cette intention. Pour ce qui est du Sénat, le Gouvernement et ses conseillers ne doutent nullement de la capacité du Parlement de légiférer sur les points soulevés dans le projet de loi C-60. Néanmoins, il ne semble pas souhaitable qu'on permette que des allégations à l'effet contraire continuent à détourner l'attention de l'essentiel du problème d'une deuxième chambre dans une nouvelle constitution. Nous sommes également conscients du fait que les premiers ministres provinciaux ont exprimé un doute à cet égard dans le communiqué de Regina. Mes collègues et moi avons donc décidé de soumettre la question à la Cour suprême afin que celle-ci statue sur le pouvoir du Parlement de modifier le Sénat ou de légiférer pour le remplacer par une nouvelle Chambre haute. Evidemment, cette démarche n'affaiblit nullement mon désir d'obtenir le plein consentement des provinces pour tout changement constitutionnel. En effet, elle ne devrait aucunement nous empêcher d'échanger dans l'intervalle des vues sur le rôle et l'organisation qui conviendraient le mieux à la Chambre haute du Parlement dans une fédération renouvelée. En référant la question à la Cour suprême, le Gouvernement veut seulement s'assurer que le Parlement a le pouvoir d'agir

au cas où il était établi, après des discussions approfondies avec les provinces, que la seule façon de parvenir à quoi que ce soit serait que le Parlement assume ses propres responsabilités, dans les limites de ses pouvoirs constitutionnels, et agisse en fonction de ce qu'il considère être l'intérêt national.

En ce qui concerne la question économique abordée dans le communiqué, tous les gouvernements semblent essentiellement d'accord. Le Gouvernement fédéral souhaite, comme les premiers ministres provinciaux, suivre la voie dans laquelle on s'était engagé dans les premiers mois de 1978 et lors de la conférence de février dernier, en vue d'obtenir une collaboration nationale en matière de stratégie économique. La conférence des premiers ministres de l'automne prochain nous permettra de poursuivre cette collaboration, et je crois qu'il serait alors assurément souhaitable de déterminer si une rencontre sur l'économie devrait se répéter chaque année en novembre. Comme vous le savez, les propositions constitutionnelles fédérales reprennent la disposition sur laquelle on s'était entendu à Victoria en 1971 et qui prévoyait inscrire dans la Constitution l'obligation de tenir au moins une réunion des premiers ministres fédéral et provinciaux chaque année.

Le Gouvernement fédéral se réjouit du fait que les premiers ministres aient approuvé "une politique fiscale basée sur le maintien des restrictions". Le comportement du Gouvernement fédéral au cours des dernières semaines, notamment l'annonce de réductions importantes dans les dépenses courantes et prévues, est un signe évident de la communauté de vues qui règne sous ce rapport. Lorsque nous avons changé notre ordre de priorité du fait de ces réductions, nous avons tenu compte des préoccupations des premiers ministres provinciaux, qui sont aussi les nôtres, de réduire le problème du chevauchement des services.

Le Gouvernement fédéral est lui aussi conscient de l'urgence qui entoure les problèmes économiques, urgence dont fait état le troisième communiqué. Il proposera au Parlement, lorsque celui-ci se réunira, un certain nombre de mesures économiques. Il serait évidemment souhaitable de connaître les vues des provinces sur bon nombre de questions afin que les mesures adoptées recueillent la faveur et entraînent la collaboration du plus grand nombre possible de gens.

Lors de notre conférence sur l'économie de février dernier, nous avons convenu d'organiser une conférence constitutionnelle en septembre et une autre conférence sur l'économie en novembre. Il s'est avéré impossible de tenir la conférence constitutionnelle en septembre et nous avons maintenant convenu qu'elle aurait lieu les 30 et 31 octobre et 1^{er} novembre. Je crois cependant que nous devrions faire tout ce qui est possible pour respecter notre objectif original et tenir la conférence sur l'économie avant la fin de novembre. Je vous saurais gré de me faire savoir si cet arrangement vous convient. Je soumettrai aussi cette proposition aux autres premiers ministres lorsque je leur ferai parvenir copie de cette lettre.

Quelques mots enfin au sujet du quatrième communiqué qui a trait au camionnage interprovincial. Encore une fois, les provinces semblent essentiellement d'accord avec le Gouvernement fédéral. Les vues exposées sont en effet identiques à celles exprimées par mon collègue le ministre des Transports, à la Conférence canadienne des administrateurs en transport motorisé, en septembre 1977, et à d'autres occasions.

Je vous prie d'agréer, Monsieur le Premier ministre, l'assurance de ma haute considération.

(signature) Pierre Elliott Trudeau

August 22, 1978

The Right Honourable Pierre E. Trudeau,
P.C., Q.C., M.P.,
Prime Minister of Canada,
House of Commons,
Ottawa, Ontario.
K1A 0A6

Dear Prime Minister:

As Conference Chairman, I am forwarding herewith the four joint communiques issued at the 19th Annual Premiers' Conference, held August 9th and 10th in Regina.

1. The Duplication of Government Services

The Premiers felt that the duplication of government services and overregulation have an adverse effect on Canadian society. They welcomed the recent federal recognition of this problem. They generally felt that more studies are not needed and desired concrete remedial action to be taken by the end of the year. Several promising areas for such early action are indicated in the communique.

The Premiers also noted that changes in jurisdictional responsibilities might require an appropriate transfer of financial resources.

2. Constitutional Reform

The Premiers discussed this issue at some length. The following are some general principles which they believe to be important.

- i) The Premiers endorse the need for constitutional reform.

- ii) The Premiers believe that major proposals from all sources must be given careful consideration in any process of constitutional reform.
- iii) The Premiers firmly believe that significant constitutional change should have the concurrence of all governments.
- iv) The Premiers oppose any unilateral change by the federal government to the Senate or the role of the monarchy. They express doubt that the federal government has the legal authority to act alone, and emphasized that it would be wrong to do so in any case.
- v) The Premiers believe that institutional and jurisdictional problems interact in such a way that they must be considered together. To consider them apart would, in their opinion, be artificial.
- iv) The Premiers emphasize that it is unrealistic to impose a rigid timetable on the process of constitutional review, and to do so is to invite failure.

These principles generally outline the approach that the ten Premiers of Canada feel should be adhered to if we are to have a successful and harmonious exercise.

In addition to these principles a number of substantive areas were discussed. In particular the Premiers felt that there has not yet been an adequate response by the federal government to the 1976 provincial consensus on constitutional change. The Premiers believe those agreements to be a useful starting point for discussion, and advance them again in a positive manner.

Finally, the Premiers took strong exception to some specific elements of the federal Constitutional Amendment Bill. In particular they oppose constitutional changes that substitute for the Queen as ultimate authority, a Governor-General whose appointment and dismissal would be solely at the pleasure of the federal cabinet. Other concerns are detailed in the communique.

3. The Economy

The Premiers felt that the economy should be given immediate priority. They noted that while there were some positive signs in the economy, some disturbing trends were also evident. These trends are noted in detail in the communique.

The Premiers requested me to bring to your attention that past experience with federal spending cuts has often resulted in little more than expenditure shifts to other levels of government. They hope that present cuts will be based on increased efficiency of federal government programmes.

The Premiers approved a fiscal position of continued restraint, and felt that the provincial governments had achieved significant progress in this regard. They cautioned, however, that resources saved from this restraint should be ploughed back into direct job creating efforts, or tax reductions.

The Premiers urged national co-operation on an economic strategy. They view the February 1978 conference as a step in this process. The Premiers endorsed the need for an annual meeting of First Ministers on the economy, and felt that the end of November each year would be an appropriate time.

I enclose, for your information, a communique on inter-provincial trucking.

With respect to the timing of the First Ministers' Conference on the constitution, it appears that the dates of October 30 to November 1, as proposed in your telex of August 4, are acceptable to all Premiers. There was general agreement that the meeting should be open.

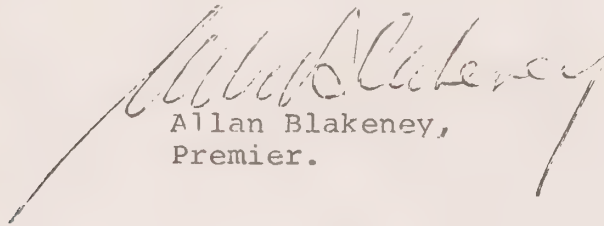
The Premiers have asked provincial Ministers responsible for constitutional matters to invite the federal Minister of State for Federal-Provincial Relations to meet with them. Mr. Lalonde can expect to hear soon from the Honourable Roy Romanow, Saskatchewan Deputy Premier and Attorney General. The Ministers' meeting could consider the agenda and arrangements for the First Ministers' Conference on the constitution, as well as action that should be initiated to lessen duplication of government services.

The Premiers took particular interest in the preparatory work that will be required to ensure the success of the First Ministers' Conference on the economy. They reaffirmed their support for an intergovernmental liaison group of officials, complemented as necessary by meetings of designated Ministers, to co-ordinate preparation for, and follow-up from, our regular November meetings. We will contact you shortly with proposals for establishing appropriate procedures to ensure the necessary federal-provincial preparatory work for our forthcoming meeting.

I believe this letter responds adequately to the points raised in Mr. Lalonde's letter of July 18 and Mr. MacEachen's letter of July 21, as well as your telex of August 4.

In conclusion, I want to assure you of my full co-operation, and that of the other Premiers, as we prepare for the two important First Ministers meetings scheduled for this autumn.

Yours sincerely,



Allan Blakeney,
Premier.

c.c. All Provincial Premiers

Honourable Roy Romanow, Deputy Premier and
Attorney General, Saskatchewan
Honourable Allan MacEachen, Deputy Prime Minister
Honourable Marc Lalonde, Minister of State for Federal-
Provincial Relations



October 4, 1978
le 4 octobre 1978

TEXT OF THE PRIME MINISTER'S LETTER TO
PREMIER DAVIS OF OCTOBER 2, 1978 ON
VARIOUS ASPECTS OF THE ECONOMY

TEXTE DE LA LETTRE DU PREMIER MINISTRE
TRUDEAU AU PREMIER MINISTRE DAVIS DU
2 OCTOBRE 1978 SUR DIVERS ASPECTS DE
L'ECONOMIE



PRIME MINISTER PREMIER MINISTRE

Ottawa K1A 0A2

October 2, 1978

My dear Premier:

Over the last few months we have exchanged a number of letters concerning the economy generally, job creation measures including the use of the unemployment insurance fund for that purpose, and industrial development policies.

One of your letters, dated July 5, 1978, referred to the need to get ahead with the process of modernizing Canada's industrial structure and suggested a number of elements that the federal government should include in a modernization framework. You also pressed for progress in the development of adjustment measures and on other work arising from the commitments undertaken by First Ministers last February. A response was delayed pending the completion of the federal expenditure reduction and redirection exercise since some of the decisions taken in that process related to questions you raised. In addition, I thought it would be helpful to give you a general picture of what is underway respecting the First Ministers' February conference commitments and to explain how our August decisions relate to those undertakings.

. . . 2

The Honourable William G. Davis, Q.C.
Premier of Ontario
Parliament Buildings
Queen's Park
Toronto, Ontario
M7A 1A1

The statement released on September 8, 1978 by Messrs. Chrétien and Andras provided a detailed report on the expenditure reductions and changes in spending priorities which the federal government has undertaken to meet the commitments made to Canadians in my August 1st address.

These commitments and the related specific decisions on spending changes, essentially conform with, and give further support to the objectives and work agreed to at our meeting on the economy this spring. Indeed, the provincial Premiers' Regina communiqué recognized this by observing that my comments restated many of the points agreed to by all First Ministers in February. In this connection, I was also pleased to note that the provincial Premiers reaffirmed their commitment to the joint development of national economic strategy and, among other things, reported provincial attainment of the general expenditures and wage settlement goals undertaken in February by all governments.

The communiqué we issued in February emphasized the need for the policies of governments to focus on a sustained growth of output and employment, to ensure continued progress in reducing both unemployment and inflation, to establish a framework within which our economic recovery could be led by the private sector and, finally, to undertake actions that would accelerate that recovery.

Since February, federal and provincial governments have taken a number of steps together to ensure continuing progress towards these objectives. In May, I reported to you on the follow-up measures that had been put in place to fulfill our commitments of February and to prepare for our further consideration of the state of the economy in November. Since May we have made further progress. In accordance with our suggestion of February,

the Centre for the Study of Inflation and Productivity has been established within the Economic Council of Canada. The Economic Council has also been formally requested to conduct an examination of the regulatory activity of governments, under terms of reference which we have jointly approved. I am confident that this study will help us to reduce the burden of government regulation on the private sector and to rationalize our respective regulatory régimes and I look forward to receiving a report from the Council at our November conference.

The provincial Premiers in their August 10th communiqués called for immediate action to lessen red tape and regulations. I agree with this sentiment and we are moving to do what we can in the short run. However, I do think that the opportunities for immediate action in this area are rather limited and more far-reaching results can only flow from careful joint studies.

The process launched in February - of examining the challenges and opportunities facing manufacturing, tourism and construction, on a sector-by-sector basis and in co-operation with the private sector - is also proceeding on schedule. Twenty-three task forces have now reported and their conclusions and recommendations are being reviewed by a "second-tier group" composed of private sector representatives. This group will make recommendations to our Ministers of Industry and I am confident that their proposals, and the intensive analysis underlying them, will aid First Ministers in November to come to conclusions and decisions on industrial objectives and the mechanisms necessary to support and implement them.

The comments in the paragraphs above, of course, deal with only a few of the areas where federal and provincial governments have been working together toward the attainment of our economic objectives. I understand that a more detailed follow-up report covering all the commitments undertaken in February was provided to Provincial Intergovernmental Affairs officials during the summer and that a further update will be sent to them fairly soon.

The federal government, of course, has taken independent actions - within our own jurisdiction - to give additional impetus to our common goals. At the federal level, in June, we announced:

- additional measures to supplement the taxation incentives implemented in April to promote research and development in Canada. In particular, we have made a commitment to see R&D spending increase in Canada to a level of 1.5% of our GNP by 1983;
- further measures, including changes in capital gains tax, excise tax, and government procurement policies which will both support and encourage small and medium-size businesses in Canada;
- programs of government support for renewable energy technology and the industries we expect to be founded on the commercial exploitation of such technology. Over the next five years we plan on devoting almost \$400 million to the utilization of forest wastes by the pulp and paper industry, to the encouragement of energy production from biomass and to the procurement -- for government use -- of solar technology.

As regards my August statement and the consequential federal decisions, the expenditure reductions we made amount, on a net basis, to \$2.5 billion for this year and next. In a gross sense, however, we have reduced spending on our current and planned programs by more than \$3.5 billion, with the additional \$1 billion being reallocated to areas which demand greater priority in our current economic circumstances.

I wish to emphasize, as I did in my telex of August 18th to provincial Premiers, that we have endeavoured to minimize the effects of our expenditure reductions on transfers to the provinces. However, because these transfers were growing rapidly and represented more than 20% of total federal outlays, it became apparent that our expenditure reduction commitments could not be met without some contribution from these programs. We believe that we have been fair in our approach to this problem with the reductions in transfers to provinces being proportionately less severe than those being applied to programming which is our direct responsibility. Furthermore, as both Mr. Chrétien and I have already indicated, it is our intention to discuss with provinces how the bulk of their share of the expenditure reductions should be effected.

Our intention is to reduce previously planned 1979-80 transfers to provinces by about \$370 million. The September 8th statement issued by Messrs. Chrétien and Andras identified some \$150 million of this total and the related program changes are already or will soon become matters for intergovernmental discussion by the program ministers concerned. There remains, of course, the matter of identifying the federal-provincial programs from which the remaining \$220 million in federal transfers would be recovered.

In your letter of September 12, 1978, which I have just received, you raise this same question of budget cuts which have an effect on federal transfers associated with federal-provincial programs. I wish to assure you that the federal government will take due

note of the comments made in your letter. A copy of it has been forwarded to the Department of Finance so that your views may be taken into account in the course of the current exercise. Moreover, you are no doubt aware that a federal-provincial meeting of Finance officials was held in Toronto last Monday, September 25, for the purpose of discussing matters such as those raised in your most recent letter. It is my hope that these exchanges of views will lead eventually to a solution which could be acceptable to all provinces.

The actions we took in August carry us one step further towards the implementation of the principles we enunciated in October of 1976 -- in the publication "The Way Ahead" -- and of the commitments we undertook in February. Our consistent intent has been to move towards a leaner and more efficient government, releasing resources to the private sector so that individual initiatives and market decisions can serve as the prime engine of growth but, at the same time, continuing to meet -- more efficiently and indeed more effectively -- the needs of those Canadians who must look to government for basic support.

The net reduction in federal expenditures, after the reallocations are taken into account, will ensure that we will be able to continue our commitment to gradually reduce the size of government. In this fiscal year, expenditures will increase by 9.5% and in 1979-80 they will rise some 8.9%. In both these years we will see a further reduction in the share of our gross national product spent by the federal government. Indeed, we expect that our total outlays in 1979-80 will increase at a rate that could be about 2% less than the rate of growth of GNP.

I want to stress, however, that the measures we have recently adopted extend beyond reducing the size of government. The changes we have announced in social programs -- and child benefits in particular -- are consistent with our desire to increase the target

effectiveness and efficiency of social assistance without increasing the growth of bureaucracy. This objective was also enunciated in "The Way Ahead" and the specific measures introduced represent an important application of our expressed intention to explore the potential of accomplishing this objective through better integration of our transfer and taxation systems.

You will also have noted the shift in application of other social policy expenditures - particularly in the field of employment and job creation - toward more economically productive goals. This shift is also consistent with provincial views expressed at the recent conference in Regina, and follows upon our experimental initiatives in the use of Unemployment Insurance for job creation. It is our intention, in this regard, to increase the use of the Unemployment Insurance Fund for the creation of productive employment as rapidly as it becomes possible and effective to do so. To this end, the Minister of Employment and Immigration, Mr. Cullen, has called for federal-provincial conferences of deputies and Ministers of Manpower to be held during the coming weeks. I am very hopeful that a more effective employment strategy for both the short and medium term can be put in place with a minimum of delay.

We have, as well, reordered other federal priorities to provide enhanced support for economic development and employment, in line with the consensus of First Ministers last February. There will be an overall increase of approximately \$445 million in 1979-80 outlays earmarked for these purposes. Of course, these expenditure changes must be seen within the wider context of our approach to economic development. This approach, as you will recall, involves sound monetary and fiscal policies to promote the desired growth of output and employment at declining rates of inflation, appropriate

adjustments in framework policies which exert a significant impact on the structure and costs of industrial operations, and judicious use of specific policies designed to take account of the individual characteristics of particular sectors.

In this connection, there is substantial agreement on the need for and the types of adjustment measures that are to be put in place in order to minimize the problems and maximize the opportunities associated with the Multilateral Trade Negotiations as well as to tackle other industrial problems in the economy. Several federal departments are working hard on this question and, as you will know from Mr. Chrétien's announcement of September 8th, we have now decided to include the adjustment problem as one element within the broader context of industrial development generally. It is our expectation, of course, that most of the necessary adjustments to post-MTN conditions will be effected primarily by the private sector with the government providing transitional support in those cases where market forces are inadequate or where special assistance is required by firms or individuals in unusual situations.

I feel certain that all First Ministers will agree that to realize our common economic objectives we must continue jointly to build constructively and productively on the strong foundation that our governments, both individually and collectively, have put in place. Much remains to be done. For our part, we will be concentrating our attention, in the coming weeks and months, on implementing the measures we have recently announced and on carrying forward the other work required in preparing for the First Ministers' meeting on the economy later this fall. In this process, many of my ministers will be consulting with their provincial counterparts to discuss how best we can co-ordinate our efforts in reinforcing our common determination to encourage economic growth, strengthen our industrial sector, and reduce both unemployment and inflation.

Mr. Chrétien, as you know, has announced his intention to present a budget to Parliament at an appropriate opportunity. Before doing so, he will undoubtedly wish to discuss with his provincial colleagues the economic outlook, and the implications of our recent initiatives for economic performance in 1979. Mr. Horner, as well, will wish to consult provincial Ministers of Industry to discuss how our economic development thrusts can most appropriately be given practical expression.

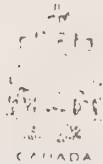
As regards the auto pact issues, Mr. Reisman is expected to complete his work by the end of October and it will then be possible to consider what measures should be adopted to ensure the satisfactory development of a vigorous and internationally competitive automobile industry in Canada.

I am optimistic that federal and provincial governments can continue to make progress together to maintain the momentum we have been building, for the benefit of all Canadians. I look forward to hearing your views on the further steps we need to take and to discussing these with you and the other provincial Premiers when we meet in November.

Because the above material is of interest and, indeed, could be useful to the other provincial Premiers, I hope you will not mind my deciding to send them copies of this letter.

Sincerely,

O. S.



PRIME MINISTER PREMIER MINISTRE

Ottawa K1A 0A2

le 2 octobre 1978

Monsieur le Premier ministre,

Au cours des derniers mois, nous avons échangé quelques lettres traitant d'économie en général, de mesures propres à créer de l'emploi, y compris l'utilisation des fonds de l'assurance-chômage, et de politiques d'expansion industrielle.

Dans une de vos lettres, en date du 5 juillet 1978, vous mentionniez qu'il fallait pousser plus loin le processus de modernisation de la structure industrielle du Canada, et vous proposiez un certain nombre d'éléments que le Gouvernement fédéral devrait inclure dans un plan de modernisation. Vous insistiez aussi pour que des progrès soient accomplis dans l'élaboration des mesures correctives et dans l'accomplissement des autres engagements pris par les premiers ministres en février dernier. Avant de répondre à votre lettre, j'ai attendu que l'on ait terminé la réduction et la réorientation de nos dépenses car certaines des décisions prises dans ce contexte étaient reliées aux questions que vous posiez. De plus, j'ai cru

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L'honorable William Davis
Premier ministre de l'Ontario
Hôtel du gouvernement
Queen's Park
Toronto (Ontario)
M7A 1A1

qu'il serait utile de vous donner une vue d'ensemble sur tout ce qui a été entrepris pour donner suite aux engagements pris à la Conférence des premiers ministres et de faire ressortir le rapport qui existe entre nos décisions du mois d'août et ces engagements de février.

La déclaration faite par les honorables Jean Chrétien et Robert Andras, le 8 septembre 1978, donnait un rapport détaillé des réductions et des changements de priorité dans les dépenses que le gouvernement a commencé à mettre en oeuvre afin de respecter les engagements publics que j'ai pris dans mon discours à la nation, le 1er août dernier.

Ces engagements et les décisions particulières qu'ils ont entraînées au chapitre des dépenses publiques se conforment aux objectifs et aux conclusions de notre réunion du printemps dernier sur l'économie, et les renforcent en quelque sorte. Les premiers ministres des provinces ont admis ce fait dans leur communiqué de Regina lorsqu'ils ont souligné que mes observations reprenaient bon nombre de points sur lesquels nous nous étions entendus en février. D'ailleurs, j'ai remarqué avec satisfaction que les premiers ministres provinciaux se sont de nouveau engagés à participer à l'élaboration conjointe d'une stratégie économique nationale et, entre autres, que les provinces avaient atteint les objectifs que s'étaient fixés tous les gouvernements en matière de dépenses générales et d'ententes salariales, lors de notre réunion de février.

Dans notre communiqué, nous avons souligné la nécessité d'axer les politiques du gouvernement sur une croissance soutenue de la production et de l'emploi afin de continuer à réduire le chômage aussi bien que l'inflation, d'établir un cadre qui permettrait au secteur privé de prendre la tête du mouvement de reprise économique et d'entreprendre nous-mêmes des mesures propres à stimuler cette reprise.

Depuis le mois de février, les gouvernements fédéral et provinciaux ont pris ensemble un certain nombre de mesures visant à assurer la réalisation progressive de ces objectifs. Je vous ai fait connaître en mai les mesures que nous avons adoptées pour respecter nos engagements de février et pour nous préparer à l'examen plus poussé de la situation économique prévu pour novembre. Depuis ce temps, nous avons fait d'autres progrès. En effet, conformément à notre suggestion de février, le Centre d'étude de l'inflation et de la productivité a été créé au sein du Conseil économique du Canada. Nous avons en outre demandé officiellement au Conseil de faire une étude sur la réglementation des gouvernements conformément au mandat que nous avons conjointement approuvé. Je suis convaincu que cette étude nous aidera à réduire le fardeau que la réglementation gouvernementale impose au secteur privé et à rationaliser nos façons de faire dans ce domaine. Je compte recevoir un rapport du Conseil sur cette question lors de notre conférence de novembre.

Dans leur communiqué du 10 août, les premiers ministres provinciaux demandaient que des mesures soient prises immédiatement pour réduire le fardeau de la bureaucratie et des règlements. Je suis tout à fait d'accord avec cette façon de voir et nous entendons poser tous les gestes qui nous sont possibles à court terme. Toutefois, je crois qu'il n'y a pas beaucoup de mesures immédiates qui s'offrent en ce domaine et que seules des études conjointes approfondies nous permettront de parvenir à des résultats de grande portée.

L'examen (secteur par secteur et en collaboration avec le secteur privé) des défis et des possibilités qui s'offrent à l'industrie manufacturière, au tourisme et à la construction a été amorcé en février et suit actuellement son cours. Vingt-trois groupes de travail ont déjà présenté leur rapport et une "équipe de synthèse", composée de représentants du secteur privé, examine présentement

leurs conclusions et recommandations. Cette équipe formulera des recommandations aux ministres de l'Industrie et je suis convaincu que ses propositions, ainsi que l'analyse approfondie dont elles découlent, aideront les premiers ministres à tirer des conclusions et à prendre des décisions, en novembre prochain, sur les objectifs industriels et les mécanismes nécessaires à leur poursuite et à leur mise en oeuvre.

Les commentaires faits au paragraphe précédent ne touchent, bien sûr, que quelques-uns des domaines où les gouvernements fédéral et provinciaux travaillent conjointement pour atteindre nos objectifs économiques. On m'apprend qu'un rapport plus détaillé sur les mesures adoptées pour donner suite à tous les engagements pris en février a été envoyé aux fonctionnaires provinciaux des Affaires intergouvernementales au cours de l'été et qu'une version révisée leur parviendra sous peu.

Bien entendu, le Gouvernement fédéral a posé ses propres gestes - à l'intérieur de son champ de compétence - pour accélérer la réalisation de nos objectifs communs. C'est ainsi que nous avons annoncé les mesures suivantes en juin dernier:

- des mesures s'ajoutant aux encouragements fiscaux déjà consentis en avril dernier pour promouvoir la recherche et le développement au Canada. Nous nous sommes tout particulièrement engagés à faire augmenter les dépenses de recherche et de développement jusqu'à 1.5 pour cent de notre PNB d'ici 1983;
- d'autres mesures, y compris des changements à l'impôt sur le gain de capital, à la taxe d'accise et aux politiques d'acquisition du gouvernement, afin d'aider et d'encourager les petites et les moyennes entreprises au Canada;

- des programmes d'aide gouvernementale pour les techniques utilisant l'énergie renouvelable et pour les industries qui seront mises sur pied afin d'assurer l'exploitation commerciale de ces techniques. Au cours des cinq prochaines années, nous prévoyons consacrer près de 400 millions de dollars à l'utilisation des résidus de la forêt par l'industrie des pâtes et papiers, à l'encouragement de la production d'énergie à partir de la biomasse et à l'exploitation de la technique solaire au service du gouvernement.

Pour ce qui est de mon discours du mois d'août dernier et des décisions fédérales qui en ont découlé, les coupures annoncées par le gouvernement équivalent à une réduction nette des dépenses de 2.5 milliards de dollars pour cette année et l'année prochaine. Globalement, nous avons toutefois réduit de plus de 3.5 milliards de dollars, les dépenses de nos programmes actuels et prévus, le milliard supplémentaire ayant été affecté aux domaines dont les besoins étaient plus pressants dans la conjoncture économique actuelle.

J'aimerais souligner, comme je l'ai fait dans mon télex du 18 août adressé aux premiers ministres provinciaux, que nous avons tenté de minimiser les effets de nos coupures sur les transferts aux provinces. Toutefois, comme ces transferts augmentaient rapidement et qu'ils représentaient plus de 20 pour cent des dépenses fédérales totales, nous nous sommes vus incapables de satisfaire à nos engagements sans y effectuer certaines coupures. Nous croyons toutefois avoir fait preuve d'équité dans la façon dont nous avons traité ce problème, les réductions dans les transferts aux provinces étant proportionnellement moins grandes que celles qui s'appliquent aux programmes dont nous sommes les seuls responsables. En outre, comme M. Chrétien et moi-même l'avons mentionné, nous avons l'intention de discuter avec les provinces la façon dont une bonne partie de leur part des réductions sera réalisée.

Nous comptons diminuer d'environ 370 millions de dollars les transferts aux provinces prévus pour 1979-1980. Dans leur déclaration du 8 septembre, MM. Chrétien et Andras ont fait connaître les domaines particuliers touchés par environ 150 de ces 370 millions de dollars, et les modifications aux programmes visés font déjà ou feront bientôt l'objet de discussions intergouvernementales avec les ministres responsables. Reste évidemment la question des 220 millions de dollars qu'il faut récupérer aux dépens de programmes fédéraux-provinciaux qu'il nous faut encore déterminer.

Votre lettre du 12 courant, que je viens tout juste de recevoir, soulève précisément la question des coupures budgétaires qui influent sur les transferts fiscaux aux provinces dans le cadre de programmes fédéraux-provinciaux. Je tiens à vous assurer que le gouvernement fédéral prend bonne note des commentaires que vous formulez dans cette lettre. Celle-ci sera d'ailleurs soumise au ministère des Finances, afin qu'il en tienne compte dans l'exercice en cours. Enfin, vous savez sans doute que, le lundi 25 septembre dernier, une réunion fédérale-provinciale de fonctionnaires des Finances s'est tenue à Toronto, dont l'objectif était de discuter de questions du même ordre que celles que vous soulevez dans votre lettre. J'ai bon espoir que ces échanges mèneront éventuellement à une solution à laquelle toutes les provinces pourront donner leur accord.

Les mesures que nous avons prises en août nous font progresser dans la mise en application des principes qu'énonçait en octobre 1976, notre publication La voie à suivre, et dans l'exécution des engagements que nous avons pris en février. Nous avons conséquemment visé à réduire la taille et à accroître l'efficacité de l'appareil gouvernemental en affectant au secteur privé certaines de nos ressources de sorte que l'initiative personnelle et les décisions des entreprises constituent le principal moteur de la croissance économique, sans cesser pour autant de répondre d'une façon satisfaisante et, à vrai dire, plus efficace, aux besoins des Canadiens qui doivent compter sur l'aide du gouvernement pour combler leur besoins essentiels.

La réduction nette des dépenses fédérales, compte tenu de la réaffectation des crédits, nous permettra de continuer à remplir l'engagement que nous avons pris de réduire peu à peu la taille de l'appareil gouvernemental. Au cours de la présente année financière, les dépenses augmenteront de 9.5 pour cent, et, en 1979-1980, de quelque 8.9 pour cent. Durant ces années financières, il y aura nouvelle réduction de la portion du produit national brut dépensée par le Gouvernement fédéral. En fait, nous prévoyons que le total des dépenses pour 1979-1980 augmentera à un taux qui pourrait être d'environ 2 pour cent inférieur au taux de croissance du PNB.

Je tiens à signaler, toutefois, que les mesures que nous avons adoptées dernièrement ne visent pas uniquement à réduire les dimensions de l'appareil gouvernemental. Les changements prévus aux programmes sociaux, et particulièrement au programme d'allocations familiales, sont conformes à notre désir d'accroître l'efficacité de l'aide sociale sans accroître pour autant la bureaucratie. Cet objectif était aussi énoncé dans La voie à suivre, et les mesures particulières qui ont été adoptées illustrent bien notre intention de chercher le plus possible à atteindre cet objectif grâce à une meilleure intégration du régime fiscal et de celui des transferts.

En ce qui concerne la réaffectation des autres crédits consacrés au domaine social, particulièrement au chapitre de la main-d'oeuvre et de la création d'emplois, vous avez sans doute constaté que nous nous sommes fixés de nouveaux objectifs plus rentables sur le plan économique. Cette nouvelle orientation est aussi compatible avec les points de vue exprimés par les provinces lors de la récente conférence tenue à Régina. Elle rejoint de plus notre tentative d'affecter les fonds de l'assurance-chômage à la création d'emplois. A cet égard, nous comptons consacrer une plus grande partie des fonds de l'assurance-chômage à la création d'emplois productifs dès qu'il sera possible et avantageux de le faire. Dans cette optique, le ministre de l'Emploi et de l'Immigration, l'honorable Bud Cullen,

a convoqué, pour les semaines à venir, des conférences fédérales-provinciales réunissant les ministres et sous-ministres de la main-d'oeuvre. J'ai le ferme espoir qu'une meilleure stratégie en matière d'emploi, tant à court qu'à long terme, pourra être mise en oeuvre dans les plus brefs délais.

De même, nous avons modifié l'ordre de priorité du Gouvernement fédéral dans d'autres secteurs de façon à favoriser davantage la croissance économique et l'emploi, conformément à l'accord général auquel sont parvenus les premiers ministres en février dernier. En 1979-1980, 445 millions de dollars environ seront ajoutés aux crédits affectés à ces fins. Il va sans dire que ce nouvel apport doit être envisagé dans le cadre global de notre stratégie visant à stimuler la croissance économique. Cette stratégie, vous vous en souviendrez, prévoit la mise en oeuvre de politiques monétaires et fiscales efficaces, pour stimuler la production et l'emploi tout en réduisant le taux d'inflation. Cette stratégie suppose aussi certains remaniements appropriés des politiques cadres qui influent considérablement sur la structure et les coûts des opérations industrielles; elle prévoit en outre l'application judicieuse de politiques précises qui tiennent compte des caractéristiques propres à chaque secteur.

A ce sujet, on s'entend de façon assez générale sur le besoin et le type de mesures correctives qu'il faudra mettre en place afin de minimiser les problèmes et de maximiser les possibilités liés aux négociations commerciales multilatérales, tout en s'attaquant à d'autres problèmes industriels qui affectent notre économie. Plusieurs ministères fédéraux s'occupent activement de cette question et, comme vous pourrez le constater dans la déclaration que faisait M. Chrétien, le 8 septembre, nous avons décidé de considérer le problème de l'adaptation comme un élément qui s'insère dans le contexte plus vaste de l'expansion industrielle en général. Nous espérons bien

sûr que la plupart des correctifs qui devront être effectués en raison des conditions découlant des négociations commerciales multilatérales, le seront principalement par le secteur privé, le gouvernement se contentant de lui assurer une aide de transition dans les seuls cas où les forces du marché seront insuffisantes ou encore lorsque les entreprises ou les participants auront besoin d'une aide spéciale à cause de situations particulières.


Tous les premiers ministres reconnaîtront, j'en suis persuadé, que pour atteindre nos objectifs communs, nous devons continuer de travailler ensemble, dans un esprit constructif et productif, fidèles aux premiers gestes importants que nos gouvernements ont posés, seuls ou conjointement. Toutefois, il reste encore beaucoup à faire. Pour notre part, nous nous attacherons, au cours des semaines et des mois à venir, à mettre en oeuvre les mesures que nous avons annoncées récemment et à faire progresser les autres préparatifs en vue de la conférence sur l'économie que les premiers ministres tiendront cet automne. Dans cette perspective, plusieurs des ministres fédéraux consulteront leurs homologues provinciaux afin de voir comment nous pouvons conjuguer davantage nos efforts en affermissant notre résolution commune de stimuler la croissance économique, de renforcer le secteur industriel et de réduire à la fois les taux de chômage et d'inflation.

Comme vous le savez, M. Chrétien a fait part de son intention de déposer un budget devant le Parlement au moment opportun. Avant de le faire, toutefois, il voudra sans aucun doute discuter avec ses collègues des provinces des perspectives de l'économie, ainsi que des répercussions des mesures prises dernièrement en vue de stimuler l'économie en 1979. Pour sa part, l'honorable Jack Horner souhaitera lui aussi s'entretenir avec les ministres provinciaux de l'Industrie afin de voir dans quels secteurs notre politique de croissance économique peut produire les meilleurs résultats. D'autres consultations s'imposeront sans aucun doute.

En ce qui a trait à la question du pacte de l'automobile, M. Reisman entend terminer ses travaux avant la fin d'octobre. Il sera alors possible d'examiner les mesures à adopter pour assurer au Canada la croissance satisfaisante d'une industrie de l'automobile vigoureuse et concurrentielle sur le marché international.

Je suis convaincu que les gouvernements fédéral et provinciaux continueront, ensemble, à progresser afin de maintenir l'élan déjà donné, dans l'intérêt de tous les Canadiens. Je serai heureux de connaître vos vues sur les nouvelles mesures qui s'imposent et d'en discuter avec vous et les autres premiers ministres provinciaux lors de notre rencontre en novembre. Je me suis permis d'envoyer copie de cette lettre aux autres premiers ministres provinciaux.

Je vous prie d'agréer, Monsieur le Premier ministre, l'assurance de ma haute considération.

A handwritten signature in dark ink, appearing to read "J. L. Reisman". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

EMBARGOED UNTIL DELIVERY
CHECK AGAINST DELIVERY

November 9, 1978

Notes For Remarks By The Prime Minister
At A Dinner In Honour Of
Prime Minister Menachem Begin of Israel
Toronto, November 9, 1978

(Text)

Prime Minister Begin, Ladies and Gentlemen,

On formal occasions such as this, Prime Minister, it is customary for us to speak to each other in the carefully correct language of diplomacy, rather than in the language of the heart.

But tonight I must abandon that custom, because within its limits I cannot express how deeply pleased and honoured we are to welcome you and Mrs. Begin to Canada.

The warmth of our welcome reflects, in part, our admiration for the statesmanship with which you have helped achieve, in recent weeks, such astounding progress toward peace in the Middle East. But more than that, we are so very proud to be in the presence of a man who has endured and survived great suffering in the service of a powerful ideal.

As we share tonight the company of good friends, and the pleasure of a fine meal, all in an atmosphere of freedom, joy and hope, I cannot help reflecting that you can remember days of unspeakable deprivation.

I am reminded of some very moving passages in your memoirs of your days in prison in Vilna, thirty-eight years ago. You were serving a sentence for the crime of being a leader in the service of the Jewish people, a leader in the struggle to re-establish a Jewish homeland in Israël.

You wrote about the constant hunger, cold, and total isolation from the outside world. I was moved by your account of how you saved a tiny portion of your meagre bread ration each day, so that you would have something to eat the next morning.

"I am not ashamed to admit," you wrote, "that there were many days when my first waking glance was directed upwards, to the shelf on which lay a piece of bread the size of an olive. How great was my joy at finding it in its place."

In another passage, you told of giving all your food one day to your two Christian cell-mates because you were fasting on the Day of Atonement. Of that day you wrote: "As I recited the words sanctified from generation to generation, as I prayed silently, I felt the impenetrable barriers that separated me and those I loved fall away. The cell vanished, the walls disappeared, and there appeared in all its splendour the great illuminated synagogue and my father's humble dwelling, lit up by love, purity, faith, and the eyes of a loving Jewish mother".

Later in your memoirs, you tell of being crowded in the hold of a prison ship on the way to a labour camp in Siberia. You sang softly with other Jewish prisoners those longing words of the Hatikvah: "to return to the land, the land of our fathers".

While others died in those days and years of terrible injustice and hardship, you survived. You returned; and now you lead your people toward the blessed days of peace.

I feel in this room the unseen presence of all those others who also suffered, but did not live to tell the world what they had been forced to endure. You are their witness. You are their guarantee that they did not die unknown, unhonoured, or in vain.

And because you endured severe hardship for freedom and justice's sake, you have inspired freedom-loving people everywhere. And so we who are here tonight, Prime Minister, share that sense of admiration, gratitude and honour that fills the hearts of men and women who know beyond any doubt that they are in the presence of a great man.

You have come a long way, Menachem, from the Polish Betar, from the Lukishki prison, from the labour camps on the Pechora River. You have played a leading part in the growth of Israel as a strong and thriving nation, among whose lasting friends we Canadians are happy to number ourselves.

(Translation) And now the spotlight of world attention shines with great hope upon you as you approach your greatest achievement, the formal ending of a thirty-year state of war between Egypt and Israel, and the beginning of the process by which all the peoples of the Middle East will one day share the benefits of peace and security.

(Text) What the world has witnessed during the past few months is most of all a story of the courage of three men. When President Carter invited you and President Sadat to Camp David, both the invitation and the acceptance involved grave political risks. The consequences of failure could have been catastrophic in the Middle East.

There were even risks involved in the possibility of success at Camp David, in that each leader would need to persuade his people that the agreement was right and just and practicable. There were few among the press and public who were optimistic about the prospects for agreement.

Despite those risks, all three countries found in their leaders the courage and wisdom which impels outstanding men to dare great things in a great cause.

And we rejoice, with the people of Israel and Egypt, that the achievement at Camp David, and the hope for a broader peace which it contains, has been recognized in the awarding to you and President Sadat of the richly deserved Nobel Prize for Peace.

When you receive your prize in Oslo on December 10th, you might think you are hearing more applause than could possibly be produced by the people gathered in the room where the presentation takes place. When that happens, I want you to realize that what you are hearing is a great roar of congratulations from Canada, reaching you from all the way across the North Atlantic.

Contributing their enthusiastic share to the volume of congratulations will be the members of Canada's Jewish communities, who, as you well know, are among the world's most generous and steadfast supporters of Israel.

Canadian Jewish families have not only accepted financial sacrifices in order to contribute many millions of dollars to the strength and growth of Israel. Many families have also had sons and daughters go to your country to help it achieve its goal of peace with justice.

You have won our deep respect for your willingness to make the painful compromises without which peace would be impossible. Compromise has become a bad word in some people's minds, but wiser minds realize that, when two men are standing apart from each other, they cannot shake hands in equality and dignity unless each is willing to move.

To give up the settlements in Sinai which were built with so much work and hope by Israeli pioneers will be very hard. Nor is it easy for Egypt to proceed toward peace in the face of opposition from some other parts of the Arab world.

We admire your willingness to agree at Camp David to a real and important measure of autonomy and self-government for the Palestinians, as a transitional step until their status can be finally determined at the end of the five-year interim period. That is surely an important key to a comprehensive and enduring peace agreement.

Four major wars in the Middle East have taught us how dangerous a state of continual and unresolved tension can be, not only for that region, but for the entire world community.

Israel's life-and-death struggle for survival has been the central fact of its thirty-year existence. Throughout their modern history Israelis have been familiar with the human tragedy and anguish of war. With their Arab neighbours they have been involved in one of the most intractable international disputes of our lifetime. It has been a dispute which has always had within it the potential for a collision between the two super-powers. In that respect, the Middle Eastern conflict has been more dangerous than any other we have known.

That is why Canada has been so consistently strong in its support of Resolution 242 of the United Nations, which calls for a just and lasting peace, and for acknowledgement of the right of every state in the Middle East to live in peace within secure and recognized borders, free from threats or acts of force.

That support explains Canada's willingness over the years to be a part of United Nations peace-keeping forces in the Middle East, ever since the concept of such forces was developed by Prime Minister Pearson more than twenty years ago, an achievement for which he also was awarded the Nobel Peace Prize.

But we have always regarded such activities as a sort of "marking time" until a real breakthrough toward peace could be achieved. That breakthrough has now been accomplished. Canada is therefore anxious to contribute in any way we can toward the further progress of that most hopeful initiative.

We all realize, of course, that the Middle East problem is far from being resolved.

An agreement between Israel and Egypt will be a crucially important step toward a general peace settlement but there will still be a long way to go to carry out the other agreement signed at Camp David.

Negotiations to take place within the "Framework for Peace in the Middle East" will be fraught with difficulty. There are many important and sensitive issues to be resolved, issues which are even more sensitive than the question of the Sinai. But we believe that the framework agreement does provide a good basis for tackling these issues, and completing the peace process.

We therefore call upon King Hussein of Jordan, President Assad of Syria and the responsible leaders of the Palestinians in the West Bank and Gaza to seize the opportunity that now exists to join in the negotiating process. We call upon all parties to show the courage, imagination and flexibility in the course of negotiations that both sides have shown in the discussion between Israel and Egypt.

The security problem on Israel's other borders - including the question of what those borders should be - is more difficult and infinitely more sensitive. I wonder if the time has not come to re-examine the whole question of security in all its aspects.

Taking security first in its more traditional meaning, cannot a combination of mutually-reinforcing measures be devised? It might include electronic and technical equipment, international peacekeeping forces, demilitarization and arms limitations, buffer zones, and perhaps other components as well. Its aim would be to assure Israel's security without negating the concerns of Israel's Arab neighbours. We realize that Israel's security must be assured, and that the Government and people of Israel must be satisfied on this point before any agreement can be reached.

It is no less true, I believe, that the solution must make sense politically and psychologically, in terms of the self-respect and sense of identity of all those concerned, including the Palestinians. It must prevent the bitterness and resentments of the past from perpetuating themselves into the future. Otherwise no peace settlement will be truly secure in any sense of the term.

I believe the Middle East could serve as a model for the world in devising new ways of strengthening a sense of security, in place of the traditional reliance on an ever greater build-up of arms and armies.

It has often been said that peace is much more than the ending of armed conflict. It also involves the liberating of resources for peaceful purposes, for economic and social development, both within one's borders and in co-operation with neighbouring countries.

The European Economic Community is perhaps the finest example of once hostile countries forming economic links in the aftermath of a terrible war. An important part of their purpose was to create a relationship of interdependence that would make another war not only unthinkable, but impossible. In so doing, they created the basis for their unprecedented prosperity.

In the aftermath of Camp David, why cannot we imagine a network of relationships that would unleash the wealth and potential of all the peoples of the Middle East in a thriving economic community?

The countries involved have many more common interests than they have been able to pursue through the dust and smoke of conflict. They are all understandably eager to move to the front ranks of modern industrialized nations, and surely regional co-operation is one way to bring this goal nearer.

Much of the potential that could be unlocked in the transition toward peace would be that of the people of Israel, who now must necessarily devote so much of their skills and resources to security. The achievements of Israel in science, technology, agriculture and the arts have won the admiration of the world, especially since it was done with one hand tied behind the back.

Prime Minister, Canadians share your passion for peace, and yearn with you for the day when Israel need no longer prepare its sons and daughters for war. May that day, which you have done so much to bring closer, come soon.

May the one God who guided the steps of a Jew, a Muslim and a Christian toward Camp David, guide you further along the road toward complete and lasting peace.

Ladies and Gentlemen, I invite you to rise with me in a toast to a great leader and a great man, Prime Minister Menachem Begin.

... started telling each other how terrible things were. Nothing was working and the world was in a terrible shape and so was the neighbourhood and the economy and everything was terrible. They enjoyed it a lot and one pessimist said to the other "Well, this is a good idea, lets get together more often, lets form a pessimist club" and the other thought it over and said "We could never make it work". Well, speaking of making it work, the last time I addressed some Liberals in convention like this, was last spring. My staff thought it would be a good idea to put a mike like this in front of me, told me to stick my thumbs into my belt which I won't do tonight and ^{just} wing it, and they say I made a very good speech. And then we went on to loose thirteen by-elections. And, we have been loosing some provincial elections too. We may think that's funny now but, it wasn't funny a few weeks ago. It was a pretty bad time for our party. It still is. We could still be pessimistic. You don't seem to be in that mood tonight, I know I'm certainly not. But I did promise myself that as far as I can control my thumbs, I won't put them in my belt tonight because as Ross says the season is just beginning the playoffs are many months down the road, and we don't want to be like the Tories, who are like the Argonauts - they always win the Grey Cup in the spring. The Grey Cup is played in November. And that's maybe when the Tories are peeking, but we're going to play this playoff as Ross said, we're going to play it next spring or next summer or some time around that. And we have a lot of time to collect our thoughts and our strength. And to return to the sources of liberalism. And ask ourselves, what went wrong, what can we do to make it right, and more important why should we

make liberalism victorious at the next general election. Well, that's the most important question of all. There's a kind of inbuilt mechanism in Liberals, that when liberalism is under attack, that's when they become strong and that's when they realize that they have to fight most.

Now, this is more than just esprit de corps in certain traditions because we are well disciplined as a party, this is because we know that when liberalism is under attack and I'm talking of small "l" liberalism here but big "L" liberals stand for small "l" liberalism. And when that's under attack, they know that two very important virtues of society are under attack. And here's where you go back to the sources of liberalism which I suppose can be defined in terms of social and political action as reason tempered by compassion. And when reason is under attack and compassion is under attack in a society it's not just our party that's threatened, it's the kind of society which we believe in and for which we stand that's under attack. That's why we have got to get going. That may seem a bit exaggerated to say that reason is departing from politics. I suggest it's not. I can't give you all the examples which cross our minds, cross our desk, week after week. But just think of some of the reactions that have been taking place in this society. Ask yourself if they were the produce of reason and intelligence or if they were not the produce of some blind tradition or obscure prejudice. Example number one, perhaps goes back a couple of years, when the government, the Department of Transport, to be precise, had said "Well, there are four airports in Quebec where French is used by pilots coming in, it's worked well, there have been no accidents, and pilots who want to use English can continue to use English, but those pilots who speak French and who don't speak English can use French." And then suddenly click, we said from four

airports we'll make it five, or maybe it was five we'll make it six I'm not quite sure but it was incremental like that and it went to a larger size airport. Suddenly, the most unintelligent, irrational fear spread across the country, suddenly passengers were told that their lives were going to be in danger. Suddenly, people said that if we fly into that province, we're going to have an air crash. The same passengers under the same pilots in the same planes who were flying ^{into} Portugal where Portuguese is spoken in the air, or into Rome where Italian is spoken in the air, or Greece where Greek is spoken in the air, or France where French is spoken in the air or English is also spoken because English is the international language of aviation. But that doesn't prevent a particular country, in a particular air space speaking also its language. Suddenly once again, there's this irrational movement across Canada and people, people, us, and the media and the Oppositions and the commentators and the pilots and the passengers suddenly became divided under linguistics lines. Because for people in Quebec, they felt that well French is spoken in Quebec and many of our pilots don't speak English can they not be permitted to fly in our province. Now, I won't go through the history but just remember with a bit of hindsight how irrational that was. Second example, of complete irrationality. About a year and a half ago I think it was, the Quebec government set up a Commission of inquiry into certain illegal acts allegedly committed by the RCMP in the Province of Quebec. That's fine. These were illegal acts committed in the province, and the province has a right under the Criminal Code by virtue of our delegation to the Attorney General of the province, the power to administer that code. The province has a right to inquire into illegalities. But suddenly, they were not inquiring into specific illegalities or others they were looking for. They were inquiring into the RCMP. They began summoning higher officers and they summoned Ministers and

they wanted the Ministers to table, not documents related to any particular alleged crime, but the functioning of the RCMP, its internal operations, its mode of command, its relation to Ministers and so on. And the then Solicitor General, Francis Fox, said hell no. You inquire into specific acts but you can't inquire into the RCMP any more than we can set up a commission of inquiry to see if the Ontario Hydro had committed some illegality in its operations, or to inquire into the Department of Roads in the Government of Quebec to see if there was not some graft. It seemed a very reasonable argument, but the massive attack of the press, of the Opposition, of public opinion and I must say a bit shame-facedly a lot of Liberals saying what are you trying to hide, what are you trying to cover up. And indeed, it looked bad when one judge of the Superior Court in Quebec said, the Keable Commission has a right to inquire into the RCMP. I remember meeting in this city with twelve or fifteen of the principle editors and publishers and managers or radio and television stations for two or three hours telling them, you people must understand this is not the federal government covering up, this is the federal government saying that a provincial government can't inquire into a federal institution, otherwise no more boundaries between lines of jurisdiction. We could begin to inquire into everything into the provinces and then there would be a ruckus but none of them saw that. None of them understood that. And it took the Quebec Court of Appeal, five judges, I think all French Canadian unanimously to say that the Superior Court Judge had, to say the least, bad judgement. It then took nine judges of ^{the} Supreme Court to say that's right. What has happened to public opinion then? What has happened to all the editorial writers? What has happened to the Opposition? What has happened to all the columnists? What has happened to a lot of Liberals? Where was reason, where was intelligence there? Now, it seemed handy to hit the government and say

it was trying to cover up. It took fourteen judges of the the Appeal Court and the Supreme Court put together to say that the federal government was right. It doesn't mean we're covering up. We have a Royal Commission of Inquiry, the McDonald Commission, it has a mandate and authority to look into everything. But here again irrationality takes over and what is called, I think, Watergate envy on the part of the media. And even the Leader of the Opposition was talking about Mr. so and so of the north. What is the issue? The issue is that there are certain secrets that by definition, a security and intelligence operation, that branch of the RCMP called Security and Intelligence, certain secrets that it gets either from our allies or in counter-espionage in Canada, which it just can't make public. It just can't. But yet when a member of the Opposition to say nothing of the others, a member of the Opposition has one of these secret documents, leaked to him in some illegal way, he's in possession of an illegal document, that the Director General of Security and Intelligence of the RCMP goes to him and says please give it back to me. It endangers not only our espionage, our counter espionage system but it endangers the sources that all our friends and allies are willing to give us because it contains names and so on. Not only this Member of Parliament refuses to hand it over, not only his leader, Mr. Clark, refuses to even look into the issue and give him advice, but public opinion seems to say that this is great because the government somehow shouldn't be keeping secrets. Irrationality, again. And yet there is this, this is a very very prevalent mood today. You can't base politics on irrationality. We have to, as Liberals, re-introduce a rule of reason. And that's basic liberalism. It goes back to Mill and Paine and Green and Bosanquet and this is the basis of liberalism, of modern liberalism. We don't guide ourselves by emotions, ^{and} talking in politics, we don't guide ourselves by blind prejudice. We look for the balance

of reason and we try to follow it. We've reached a stage where, and I've heard it so often, it's not OK to do what is right. Remember the old saying "Not only justice must be done, but it must appear to be done" well, I suppose there is truth in that particularly, in a semi-evolved society but when you go a step further and say that not only you must do the right thing but you must appear to do the right thing. What's taking over? Isn't it enough to do the right thing. In a sane, intelligent, rational democracy. Isn't it enough in the Keable Inquiry that we said no, the constitution says you shall not inquire into the jurisdiction of another level of government. It wasn't enough. We somehow would have had to appear to be doing the right thing which-who decides on appearances, if it isn't our reason, if it isn't our calm and cool intelligence. Is it to be the passion of the Opposition or of the oppositions at whatever level of government or of society they operate. We must return as Liberals to the conviction that if we do what is right, that's right, and that's the end of it.

Of course, it's our job in a democracy to explain to the people what is right. Of course, it's our duty as Liberals to actively engage in this dialogue and stand up for our opinion. But what is this hostility out there that seems to presume that anything the government does must be wrong. It must be some form of power-seeking ^{or of subterfuge.} or of cover-up, /
and
They call themselves the fourth estate / the fifth estate as in the case of the electronics. Well, that's fine, that's their job to be an estate. And I suppose an estate is someone who seeks power for the members of that estate. In a good society there is a series of checks and balance. But surely, we're entitled to expect a fair hearing when we speak the language of intelligence. You can see this by reading one editorial one day that says it's terrible the dollar has gone down again and the same editorialist the next day will say it's terrible the government has intervened to stop the dollar from going down by increasing its interest rates. We do

make mistakes in government. Everybody makes mistakes. And we must as a government seek to improve ourselves by fair criticism but let as Liberals as least, let us put out the questions, let us not always be on the defensive. Let's not just stand back and take it and hang our heads and say, "Oh, yeah, it's terrible to be a Liberal - look what the government is doing". Ask those ^{that} / challenge you, where do you get that? and where do your figures come from? why do you say this? and how do you know that? Governments are not always right, and certainly my government is not always right. But we have, we Ministers, we Members of Caucus, we have a right to expect from Liberals who support us that we have the benefit of the doubt when we may have taken days, weeks and sometimes months to reach a decision. And it's a tough decision and it has to balance the convenience to one section of society against the inconvenience to another; and the disadvantage to one part of the country against the advantage to another when we try to set the price of oil. But suddenly any guy who can cram it into about a 40(second) ^{news} / item can tear the whole thing apart and suddenly he's right. He may be right in his mind, but he doesn't have to be right in your mind. Give us the benefit of the doubt. I don't think anyone likes an argument better than I do and anyone who likes an argument better than the average Liberal. Let's give ourselves an argument. Let's not only give it to ourselves, let's give it to the other guys who are trying to push us around. Another good example, ^{is when} / last August, I announced on the first of August that we were going to cut some two billion dollars of our expenditures. Well, I guess the first reaction people ^{said} / good. But as soon as the criticism began to say of course this is just political opportunism; of course they really don't mean it; of course, they're not going to do it; of course, they just thought this up now. But anyone who reads back as far as the publication we made in December 1975, just after we brought in controls, we published something called "The Way Ahead" and we said there

"Over the next several years, we're going to make sure that expenditures grow less fast than gross national product, than economic growth in this society". We said that in December 1975, and that's what we did in 1976, and that's what we did in 1977 and that's what we've done in 1978 and that's what we're going to do in 1979. It wasn't thought up by me on the 1st of August or on the night before, by some wild eyed Irishman writing in an ivory tower some speech I was going to give the next day. It was written in 1975, in a document that had been circulated through the whole Liberal Caucus and approved by everybody and carried out. Except, that it did become a bit difficult after three years. Bob Andras used to say you know we picked up the loose change in 1975 and then in 1976 we had to go for a little bit of the harder stuff and in 1977 when you've cut departments two years in a row, it becomes harder still, so in 1978, of course, we had to make a big operation, we had to make it even bigger for a good reason, ^{is} that our liberalism, our reason was tampered with ^{compassion} ~~by~~ ~~because~~ we wanted a cut more in order to give more to the disadvantaged in our society. And that was part of the operation, and that's why at the same time we said not only will we cut expenditures in order to grow less fast but we will also cut more so that we can increase family allowances to the middle and lower income classes by \$200 minus sixty a year per child, so we could increase guaranteed income supplement to the old people by twenty dollars a couple each month. It was a bit tough, but we had to do it.

You know, people said "They're not going to carry it out, it's just an election promise, they're going to have an election in September or October". Well, I'm a hard headed guy. If they think this is just an election promise, we won't have an election. We're just going to put the law through. It so happens that Mr. Gallup says I was right not to have an election, but that's another matter. So many examples, we tried to behave rational

and introduce compassion in our legislation, as Liberals must. It was met with a wave of cynicism, of disbelief and perhaps even more serious, of calumny. This is the story of our society today, we can look I say at an endless series of examples. Ross Milne was saying, Judd was saying up here, if you're worried about the economy you're right, because we want to make it even better. But if you want to have an objective, rational, intelligent look at Canada's performance than you realize that in probably the most tumultuous and disorganized economic crisis since the end of the Second World war, Canada has done better as a whole than any other industrial society.

When you said that Ross, a moment ago I was sitting at the back^{of} the hall and I saw a look of disbelief in a lot of Liberal faces, so maybe tomorrow at whatever workshop you have you should give them some tables, and those who have disbelief let them express their disbelief. Let them look at the record, let them look at the overall picture. I made a long speech in the House of Commons somewhere around the 10th of October and we can give them copies of Hansard if you want. Don't take my word for it, check the United Nations statistics if you want, the OECD statistics, but for God's sakes don't take the word either of those enemies who constantly day after day in the House of Commons or in the media say the contrary. Don't take my word but don't take their word, check for yourself.

In a sense these economic questions are extremely important but what is even more important I repeat, is the temper of the society in which these economic events are taking place. This worries me a great deal and I said so at the Conference of First Ministers on the Constitution just a couple of weeks ago. You recall I started, those who watch television at 10 in the morning on a Monday, because if you try to watch it at eleven at night you won't get it, you'll get somebody else speaking on television, I expressed some of my worries about the country, and unity and the economic

consequences of disunity and a marvellous thing happened, several Premiers said, "It's not so bad as that, the economy is not as bad as you're saying Mr. Trudeau, really disunity is not as bad as you say" and that's the wonderful thing, if you just say anything the Premiers will say the contrary. But the point I was making is indeed a very serious one, and that is too another reason why as Liberals and I say so without blushing because I'm a Liberal, the country needs ^{the} Liberal Party now, and the country needs it badly because we are the only party that stands squarely for a strong Canada. I chose my words carefully, I'm not saying we're the only party that stands for national unity, we don't have a monopoly on that, I believe every person engaged in federal politics believes in national unity. But I'm saying that our way of seeking out that national unity, the Liberal way, which is I repeat for a strong Canada is not shared by any other party. And it's easy to eliminate all the provincial parties, it's not their job. I don't blame them, they stand and they should stand for a strong province. That's what / they were elected for. They're interested in making sure that things under provincial jurisdiction be exercised well and strongly by the provincial governments. The nature of power is such that those who exercise power provincially think that if they were given more power they would exercise it better and well too. I have a quarrel with them because I don't believe in provincial politics, I don't believe in decentralization to the point of weakening Canada and I didn't chose as a form of action, provincial politics, but I'm not making a subjective criticism of them, if they want to stand for the provincial rights, that's fine. But they stand for them, and they stand for them in a way which is not only protecting provincial rights but seeking to get more powers from the federal government, you just have to look at the Regina

agreement of the ten Premiers, last August. They got together and a whole series of items, fifteen areas, I think it was seven from Regina and eight left over from the Edmonton Conference of two years before. Some fifteen areas where they wanted to take power away from the federal government to give it to themselves, to their provincial governments, provincial levels of authority. You just have to look at the Province of Alberta's constitutional submissions that they brought to us a couple of weeks ago in Ottawa, twenty-nine constitutional propositions, I think nine or eleven of them had to do with the division of powers, every one consisted in strengthening the provincial government. Not in one area, could they find that the Constitution should be reformed by strengthening the federal government in some area. When they said for instance, we must limit the spending powers of the federal government because it's this spending power which permits us not only to give family allowances and equalization grants and DREE grants and re-distribute income between people and regions but it permits us to do things that the province thinks that's happening in their province. They say we should get out, but when we said "But also the provincial spending power could be examined, they said what's this, why shouldn't we the provinces be able to use the power of the purse the way we want and if we want to open Embassies or whatever in New York or in London or Paris or Milan, why should our spending power be examined, but your spending power should be examined. This is their view they have into provincial politics because they want the provinces to be stronger. Look at the recent provincial election. What did Premier Blakeney of the NDP fight his election on. He fought it against the federal government, in reality he fought it against the Supreme Court because he was lucky enough to have a judgement of the Court come out at the beginning of the election which said the federal ^{and} jurisdiction over international trade is such / the

provinces cannot encroach on it. This was a terrible thing because it prevented the Premier of that province from doing with his resources what he thinks he should do in international trade, the Court said no you can't do that. So this was a terrible thing, it turned out that it was Trudeau who was trying to take rights and properties away from the poor westerners. Same thing with Alberta. / Same thing in the provincial election in Nova Scotia. The Premier there said, there's been an agreement between the three maritime provinces and the federal government so that we would share the resources in the off-shore, two hundred miles that our ministers went and got in international law, there is an agreement there to share but I think we should have more and I think we should have a 100% and he fought an election on that. Premier Hatfield fought his election because there was some rumour that we were going to diminish DREE grants. This is the department we created in 1969, this is the department that has permitted us to give billions of dollars to the less advantaged parts of Canada over the past ten years. Somehow he managed to fight an election to prevent us from not doing what we've been doing for ten years, prevent us from stopping from doing what we've been doing for ten years. All right, this is politics and that's fair. But look at the federal parties and look at the Opposition, what is their position on all these things? Take some time now, think, do you know of any issue where the Opposition party in Ottawa or its leader, Mr. Clark, any issue where he has disagreed with the provinces and said the federal government is right. Give me a week to think of it. I don't think I'll find any because I've been thinking for a week. I don't know of any issue. He brags that his government, his party would not be a party / of confrontation, it would give us peace in our time. Indeed, it would. He brags that he went to Kingston and met three Tory Premiers and there was no quarrel, everything they asked for, he gave them. No fight. No fight.

Premier of Newfoundland says there's been an agreement for several years to share resources in the off-shore 75-25, we think that's a pretty generous deal because in the one case that was decided on the west coast, the Supreme Court said the federal government had it all. We don't want to fight, so we looked at an agreement and we signed one. 75-25 -- so they change government there, the Premier, the Tory Premier said I want it all and Joe Clark says he deserves it all.

Lotteries, our government goes back ten years and more. When I was Minister of Justice I was writing a bill that was saying we will legalize lotteries. Did the west give me hell for that. In Quebec they were giving me hell because I was, I think so they thought, legalizing abortion and Ontario gave me hell because they thought I was legalizing homosexuality. The west was giving me hell because I was legalizing lotteries. Well anyhow, it's all legalized now. Anyhow, we have a lottery. We got into lotteries first, a lot of money to Montreal as you know for the Olympics, suddenly the provinces want lotteries too. They get into lotteries. It's successful, we're successful. They want more, we don't want to give them more. There is a quarrel--Joe Clark says the provinces should have it all. Why? Why? Provinces should have it all. Why? That's why.

Oil prices, a couple of years ago, our Minister of Energy, Alastair Gillespie, works out a very tough agreement following on the lines that our former Minister Don MacDonald had worked out. But he used to work them out year by year. Ontario didn't want any increase in oil prices, Nova Scotia didn't want ^{any} increase in oil prices, Alberta and Saskatchewan wanted a big increase in oil prices and finally we worked out something and said this is it. And Alastair had the bright idea of saying well, instead of fighting every year we'll make an agreement for four years but we'll make sure that there will be increase four terms times six months, an increase of one dollar if that

dollar doesn't brings us above world or American prices. This was terrible. The consuming provinces thought this was terrible that ^{there would be} / automatic increases tending towards world prices. Fought like the devil. The Tories fighting amongst themselves because some are consumers and some are producers. The NDP fighting amongst themselves. In Ottawa NDP didn't want us to increase prices, in Saskatchewan, Blakeney wanted us to increase prices so we set a formula. Just a couple of days ago, they meet again, to apply the policy that I announced in that fatal day of August saying well there won't be an increase on the first of January because the formula doesn't provide it. What do you think happened? Not a single province supported the federal government, Mr. Clark didn't support the federal government. Why? There shouldn't be a strong federal government. It's as simple as that. And if we want to do something for the people, the provinces will fight it, Mr. Clark will fight it. I can go on example after example. You can look at the Constitution. Here again you can talk of the irrationality. You say OK if we're going to write a Constitution, and we don't say that there is going to be a Queen people will say we've abolished her. So let's say that there's going to be a Queen in Canada. Let's write it very carefully and say what she does and what the Governor General does. Get our best draftsmen to write and that doesn't include any of us Ministers. Write what the Queen of Canada and the Governor General of Canada does. Write as best you can. So they write it and they take weeks and weeks to write it and so on. Suddenly we are told that we're trying to abolish the monarchy. Why? Well, nobody is quite sure because we've said to the provinces you go ahead and write it. You write what the Queen's powers are. Not Queen Anne, not Queen Victoria but Queen Elizabeth, you write what her powers are?

And we'll settle for that. But so far, none have volunteered any pieces of writing. It's much nicer for them to go around and say these terrible Quebec dominated Liberals are trying to abolish the Queen. The Quebec Liberals aren't trying to abolish the Queen, even Mr. René Lévesque doesn't want to abolish the Queen. The Premiers got him to agree / in Regina last August that we should protect the Queen. We want to protect the Queen too. But irrationality takes over again there and nobody really comes up with a better text. They just think it's good politics to appeal to people's emotions. I repeat you can go on example after example, but I want to reach a conclusion and a very important one. It's that all these decentralizing forces have to be fought by somebody. By one talking of / decentralizing forces, I'm talking of forces which will actually weaken the federal government and render it incapable or less capable to re-distribute wealth with compassion from the rich areas of Canada to the poor ones. Or for the privileged classes of Canada to the poor Canadian. We need a strong federal government for that. When this debate comes up, as it has, over the past several Constitutional Conferences, but with more actuality in the past six months, we need a party and group of people which will say no to that. Look who's job that is to do. And here's why I'm appealing to you, Ontario Liberals. Because you are the strongest Liberal party apart from that of Quebec in any part of Canada and because for no other reason than history perhaps, you have the deepest traditions in liberalism and because as a wealthy province you have generously in the past accepted policies of re-distribution and supported them and realized that Canada to be strong had to see its wealth spread across Canada. You were among the provinces with the Maritimes in those days which helped Alberta and Saskatchewan when they were bankrupt in the thirties. You people can understand that. But there's a fight to be fought. Just as there was a fight

to be fought in Quebec about ten or fifteen years ago. When Mr. Pearson was Prime Minister and when the separatist parties in Quebec were gaining strength. And even when the provincial parties were seeking to get more power and throw their weight around in international affairs and so on. Mr. Pearson attracted then a group of Quebecers to Ottawa, we said we'll take on this kind of separatism "Comptez sur nous, M. Pearson, nous croyons en un Canada fort. Bien que nous soyons fermement, sincèrement, authentiquement québécois et que nous voulons le plein épanouissement des Québécois et notamment de la culture et de la langue française au Canada, puis singulièrement dans la province de Québec, comptez sur nous!" And those who say that we didn't do our job, those who came from Quebec to Ottawa in 1962, 1963, 1965 and some of them even came before that in 1958, 1957, 1968, 1972, and a new batch in 1974, ^{bright}/~~young~~ Quebecers, English, French speaking Canadians, men and women, authentic Quebecers who said we're going to go to Ottawa and fight for a strong Canada even if some people in our province call us traitors because we know that this country is ours and we know that someone has to stand up in Ottawa and say "oui". And those who say we didn't succeed, and those who say that separatism has become stronger since the liberals have taken power in 1962, 1963 and 1965, 1968 look at what has happened in Quebec. Why is it that the separatist party itself couldn't get itself elected in 1970 when it tried to run on a separatist platform. Why is it that it couldn't get itself elected in 1973, when it ran on a separatist platform. Why is it that it only got elected when it said we're not running on a separatist platform. Why? Because it knew that the people of Quebec wouldn't fall for separatism. Why do they say, we're not separatist we're just independentists. And then the people of Quebec wouldn't swallow that either. We're not for independence, we're for a kind of a loose confederation. And the people of Quebec wouldn't swallow

that either. So they said we're not for a loose confederation, we're really for independence / association providing the two are done at the same time. And if they thought the people of Quebec were falling for that they'd have their ^{damn} / referendum, but the people of Quebec are not falling for that either. Why? How did it happen? Do you think the people of Quebec just said "oh well, Ottawa will take care of us, or Peter Lougheed, or Sterling Lyon, or someone, they'll take care of us, they look after the French and so does Bill Davies". No, the people of Quebec said because there are some French and English speaking Quebecers up in Ottawa ^{who} / are fighting for us and are standing for us and are making sure that our rights are protected and that Quebec gets a fair share of the economic benefits, or of the social benefits, or of the linguistic rights, that's why. That's why separatism isn't succeeding. You take away that bunch of Quebecers from Ottawa and I can guarantee you that Quebecers will vote for separatism the day after. That's what will happen. Now, there's a lesson in that for you English speaking Canadians of the other provinces. Because there's not only separatism at work in Quebec. Separatism is at work in the other provinces, and who is fighting that. Who is supposed to fight that? Quebecers again? ^{We get} / urgent demands from the west or the east send us some few Quebecers to talk to us about unity. What about you? We have in our Caucus, we have in our Cabinet, Ministers and Members of Parliament who are doing that. But where are the Liberals? Where are the Liberals who say no to this kind of confederation that Joe Clark believes in, where there will be no confrontation because we'll all be equal. There will be eleven Premiers instead of ten Premiers and one Prime Minister. No confrontation, we're all equal. Call it, we used to talk about two nations, let's call it eleven nations. That's what we'll have in Canada. Sure the geography will be preserved. But what political party is saying this we will not give to the provinces. And this they must give to us. And this we will give to them. But let's have a fair deal.

But whose job is that? It's the Liberal Party's job. And you in Ontario, French speaking, English speaking, and Liberals, Canadians, from the four corners of the earth, because I know the Liberal Party brings into its bosom all Canadians from whatever origin they are. It's up to us to stand for that thesis of a strong Canada. And the time is now. You just had to watch the proceedings of the last Constitutional Conference or of the next one, you just have to look at every issue, where the provinces and the federal government are in disagreement. And ask yourselves who of the Opposition, who in the media, who in public opinion, is standing up and speaking for Canada. One voice, one group, the federal Liberal Party, that's what. And that's you.

I said at the outset that we were under attack and that we had suffered some serious losses and I said that that's the most exciting time to be Liberals because then we know that the idea of reason and compassion and that that conception, that vision of Canada, strong at the center, strong in its parts, well balanced, that vision of Canada has been historically the Liberal vision. I don't say once again that the other parties don't stand for national unity, they do. But I repeat that if you examine their conception of what unity is, you don't have to go any further than Mr. Clark, who when interviewed in Quebec about three weeks ago, was asked what would you do if you were Prime Minister, and Quebecers voted for sovereignty association, what would you do? He must have thought quickly. His heart must have beaten hard because he doesn't want confrontation. So he said "I'd negotiate". Well, I wouldn't negotiate. And that's not because I believe in confrontation, that's because I don't think anybody has any mandate to negotiate the separation into a divided Canada. Only the people can do that. Only the people can give a person that mandate. And I'm certainly not going to ask the people to give me that mandate. If Mr. Clark wants to ask for that mandate, he should say so very clearly.

So it's an exciting time to be Liberals. We've got a tremendous fight ahead. I know that you've got some very important work to do in the next few days. I want to tell you one thing, that I know the Liberal Caucus and I know the Liberal Ministers. I think you know some of them. You know at least your own Member. You perhaps had to deal with a few Ministers, but I work with them every day and every week and every month and every year for the past thirteen years. I know the Liberals that we have in Ottawa, I don't know all the Liberals across Canada, I don't know all the Liberals in the provincial legislatures but I know all the Liberals we have in Ottawa and let me tell you that you've got the best bunch of men and women that has been assembled at any time by the Liberal Party over the past hundred and ten years. And I can tell you that, because I've seen them in the good times and I've seen them in the bad times. I've seen them when we win elections and I've seen them when we win by-elections and I've seen them when we lose by-elections. I've seen them in the so-called doldrums of February and in the good times of June. When I read that that Caucus hasn't got any good stuff and that it's a weak caucus. Or when I read or hear that we're supposed to have a weak Cabinet, I say they don't know these men and women who are in our Caucus and in our Cabinet. You know, when you have a man who, I repeat because I was saying it earlier, can cut two and three billion dollars out of a budget and make sure that it doesn't come from the have-nots but that it comes from those who can spare a little bit, who can do it fairly, with efficiency without tearing the Cabinet apart, you have a pretty rare man and that's Bob Andras. When you have a friend of the farmers, and not only the farmers of Ontario but the farmers of Quebec and the Maritimes and the West because they know that he not only gives them a good milk policy, a good

fruit and vegetable policy but he knows he gives them good stabilization policies for agricultural communities, you know that you won't get a better man than Gene Whelan, anywhere. When you get Barney Danson, who's equipping our Armed Forces within budgetary constraints with the most efficient and modern equipment that they ever had, than you know that you have a strong Minister. And when you have an Energy, Mines and Resources Minister, who can put together an agreement amongst ten squabbling provinces and who can put together projects which will bring Canada into an era of self-sufficiency and create jobs across the country and who can do it in a way that has been recognized and copied by other countries, you know that you've got a strong Energy Minister in Alastair Gillespie. And when you've got a Minister of Indian and Northern Affairs, who not only has the sympathy and the understanding but the loyalty of the people of the North and who is succeeding in putting together up there the first ever agreement on finalizing the land claims you know that Hugh Faulkner is doing his job and is doing it well. And when you see the Minister of Public Works who also is the Minister for Research and Development who is putting this country into the forefront in terms of research and development for the concession that he's bringing out of the treasury, for the concession that he's getting out of the Finance Department and who has the confidence of that community you know you can rely on Judd Buchanan, to do that job and do it well. And the Minister of Employment and Immigration who has had a very tough job in making sure that the money he saves in unemployment insurance and the money he can get from the treasury is spent in those areas of Canada that need the jobs most. And who can do it with the respect and understanding of his colleagues and from every part of Canada, you know that Bud Cullen has the support of Caucus and he deserves your support. And

Jean-Jacques Blais, the Solicitor General who is keeping and even keel and these very irrational times that I was talking about earlier ⁻⁻⁻ and John Roberts who not only is the right man because he is respected by the whole cultural area of Canada but who is doing it in very difficult economic circumstances, you know that John Roberts is a strong Minister and I don't see anyone on the other side who can come up to his knee in terms of his abilities. I should be counting, am I up to ten or eleven, anyhow in Multiculturalism, the man I chose in caucus because he was a firebrand and because I knew that when he became Minister of Multiculturalism he would stand up for the so-called ethnic groups in Canada and make sure that whenever Cabinet was making a decision or appointments or allocating funds that they had a strong spokesman there in Norm Cafik. And when you saw last June that we brought forth a policy on small business which since has been copied very badly by the Tories you can remember that the man who brought it in was Tony Abbott a man that is very strong. Have I mentioned eleven I don't know? But there's eleven of them, its the strongest group of any group in Cabinet. Not only numbers but in ability. Maybe they have one failing and one weakness it's that they don't know how much you love them, and how much you respect them, and how much you support them and I wish you would tell them so and go on to work with the Liberal Party and work with them and work with us and work with your whole Liberal Government and your whole Caucus in these very very important times for Canada. To make sure that when the next election comes, it will be the greatest victory for the Liberals of any in the history of the Liberal Party.....

(And to John Munro, because he was one hell of a guy.)

PRIME MINISTER'S SPEECH TO A LIBERAL FUND-RAISING DINNER IN
TORONTO, DECEMBER 18, 1978

DISCOURS DU PREMIER MINISTRE LORS D'UN DINER-BENEFICE LIBERAL
A TORONTO, LE 18 DECEMBRE 1978

Mr. Chairman, fellow Members of Parliament and fellow future Members of Parliament, ladies and gentlemen, friends. It was a very friendly introduction you gave me. I couldn't help remembering when you talked about the changing moods and said how we were now gathered in the name of friendship, I couldn't help remembering that when I was asked by one of my staff whether we could come to Toronto at this time. I said: "Well, it's going to be a difficult time, it's Christmas week and people are very busy. Even our supporters are very busy with family and personal matters, but I'm always happy to go to Toronto to meet all my Liberal friends there". And my staff said: "Well, we'd rather you don't put that restriction on it because we want a lot of people to show up". So here we are, a lot of people and I'm very grateful to you, Maurice and all the people of the organization and all of you to have come to dine together tonight and hear Maurice and me. It's a good time to be in Toronto. Maurice, as you say, business is booming and the city is growing and the Argos are being sold again. And this time I understand it's a foreign concern that wants to buy the Argos. I can tell them they have nothing to fear, but FIRA itself. And if FIRA should block the takeover, I tell you we would consider making a Crown corporation of the Argos. And if we could run them as well as the Post Office, it would still be an improvement.

When I was hearing you talk, I can see why you gave me those answers when I said: What can I say to make the people of Toronto feel confident and happy about the future? And you said: "Well, you could nationalize the Gallup polls". And the second suggestion was equally unacceptable because

I like my job. Well anyhow when you pay \$150, it's not just to hear a few jokes and to see another pretty face. You want to know ~~what~~ I came to talk to you about. Well, I only can talk about two things and I think neither of them are going to be very good subjects for tonight.

The first is the economy. We have something called the economic olympics ~~where~~ we show that when all things are put together, the past 10 years in Canada, in an economic sense, have been the best of any industrialized nation. When Maurice said something like that, he got a little bit of applause. More than I did when I said that in about 10 speeches during the by-elections, but it's true. The trouble is not all people believe it because they look at one indice at a time and it's easy to have, shall we say, low inflation if you don't have to worry about unemployment because you can ship your unemployment back to their own countries. And if you have low inflation, it's easy to have a strong currency. So when you put all these things together, we discover that we won the economic olympics. And we have very convincing tables to show that. So after the shall we say moderately encouraging results of the by-elections and I have given that speech so often I was consulting my colleagues in Cabinet and many of them are here and I was saying: Well, is it because we haven't said it often enough or we haven't said it well enough? Is there some better way to explain why the people think the past ten years have been so bad when in reality, looking at it once again as an overall picture not just taking out one thing -- the value of the currency or one other thing, the rate of unemployment and so -- but taking out the whole, all the indices together - the rate of growth of the economy, the number of jobs created, the speed at which we built houses and all - we take all these things together, it's a darn good record. And why can't we sell it to the people? And Don Jamieson, who is our expert communicator in the Cabinet, gave me an answer and our colleagues heard it. I think it was very good. He said:

"Well, you're telling people how good the past ten years have been. It would be like if you, Prime Minister, told your kids around the 15th of December what a great Christmas they had last year". And I thought that was a pretty good explanation because -- and my kids if I spent so much time talking about last Christmas, they'd be wondering about next Christmas -- and that's the difficulty in Canada. People are not so much worried about the past as concerned about the future.

And for all those reasons, my economic subjects are not very good. And the other subject on which I'd like to make speeches is national unity. And the paradox here is that nobody can talk about national unity anymore. First of all, we have been talking about it for 15 years and it's a kind of a Quebec issue and to make things worse it's supposed to be a Liberal issue, and we're only supposed to talk about national unity because we're afraid to talk about the economy. And of course our opponents of whatever parties they be or whatever persuasion they belong to don't want to talk about national unity because it's a Liberal issue, and they don't want to talk about our issues.

So in reality, here we are at one of the most troubled periods of our history, one of the most I think worrying in terms of the future of this country of ours and nobody wants to think about it. And we can't I repeat talk about it and our opponents avoid talking about it. And the real difficulty there is getting people to understand that things are happening in our country which could well spell the end of the country because you know there are three basic dangers in terms of national unity. There's Mr. René Levesque's party of course who says it quite clearly, he wants to take Quebec out of Canada and break up the country. But he is not as dangerous an opponent because you know who he is and you know what he is working for and what his means are, and you can meet him and challenge him. But the other two enemies of national unity are those who think that the break-up of Canada is

impossible and why worry about it. The Liberals are just talking about it because it kind of take our minds off unemployment and inflation. It's not a real threat to the country. It can't happen. Where can Quebec go? They really don't have a leg to stand on and so on. And the other enemy is composed of those who say it's inevitable and it's going to happen and therefore let them go and good riddance. And if you're a businessman, you're saying: Well, we can make a deal with them. Or you're looking towards some form of continentalism. Or if you're a politician, you're thinking of how you can rearrange the country without them and maybe we would be better off if we didn't have to drag them along and if we didn't have to speak French and all that. And these enemies are there and they're present. And I think you know the Liberal policy as regards this particular danger. God knows we've talked a lot about it in the past. We don't dare talk about it anymore, but we talked several years about making Quebecers feel at home in all of Canada by the Official Languages Act and more lately we've talked of a constitution which would guarantee basic human rights including linguistic rights not only to the French minorities in other provinces but to English minorities in Quebec. And we've talked about a new Senate which would try and respond to regional alienation by bringing representatives of the regions as such onto Parliament Hill in order to participate in the debates. And you've heard of our Constitutional Bill which is trying to involve the provinces more in the nomination of judges to the Supreme Court so that the Court would have greater authority in all parts of Canada. And you know our position on it and I'm sure a lot of people don't go along with it. And I do know that in the matter of bilingualism, we still haven't explained to people that we don't want to make people, all Canadians bilingual, all we want to do is to permit all Canadians to stay unilingual -- unilingual French or unilingual English -- and talk to their Government in whatever language

they want, if they don't want to learn the other language. Then you know what our policies are and you can accept them, and take them or leave them. But do you know what our opponents' policies are? Have you heard what they would do in terms of the Constitution, in terms of the Bill of Rights including linguistic rights? Do you know what they would do with the institutions of Government? Have they told you how they would tackle the problem of increasing strength in the provinces and the weakening of the Central Government? Do you know how they would tackle the conundrum of ten proud principalities who speak not only for their provinces but who claim also to speak for the people of their regions even in federal matters? I think in one of the rare pronouncements that Mr. Clark has made on this he is quoted to have said in an interview in Quebec that if Quebecers in a referendum voted 60 per cent for separation or Separation-Association he would sit down and negotiate with the Government of Quebec. Now this was stated in Parliament by me to Mr. Clark saying that he shouldn't say that, at least he shouldn't say that without a mandate from the people. And nobody seems to be too worried about it. And that's another difficult problem we have in Canada. You know our policies on national unity, you don't want to hear about them and I won't talk much more about it. But do you know the other view for instance, why our opponents are attacking our Referendum Bill or do our opponents at the next election intend saying: you elect us and we will govern Canada and if Quebec votes to separate we will take a mandate from you to negotiate that separation? Is this going to be your position? And if it's not what is democratic about a Leader of a national party saying: Well, if Quebec's people speak with certain directions, I have no choice but to negotiate with them. Is that your view? Do you think there is no choice? There is also a Provincial Premier, Premier Hatfield who said that: If Quebec votes to separate, well I'm a Democrat, I'll negotiate with them. Have you thought that

one through? Should you negotiate with them or shouldn't you negotiate with them? It's important. Do you respect their democratic principle or you don't? Or do you want a referendum in order to test the reactions of the rest of the people of Canada or how will you go about it, Mr. Clark or Mr. Broadbent? Or you, you and you? Do you want to hear about these things or don't you? It's pretty important because don't kid yourselves. The question can be asked at the referendum in Quebec in such a way that the people will say "yes". Quebec people are like you and me. I'm a Quebec person, I like to have my cake and eat it too if I can. We all do. So a "yes" may come out of the referendum. I'm not saying that to frighten you. Maybe it's not scary, but what do you do then? I think we all agree that we wouldn't send in the troops. What do you do then? Say: "Let them go!" Well, that's the other enemy of Canadian unity, those who say: "That's inevitable, they're going to go, they've been wanting to go for so long, let them go." But if by gum, they won't go, we'll keep them in, but how? Have you got some instruments to test their will? You know what's going to happen? At what time will it be? At the next federal election or at the next provincial election or in the referendum that the Federal Government will hold to check the provincial referendum? I don't know. You know I can't talk to you about that because that's national unity and that's our issue and I'm trying to take your mind off the economy when I fool you with these things. Well, as a professor used to say: "I'm here to talk and you're here to listen and if you're finished before me, just let me know." I'll try and see the signs in the hall or maybe you can pull my jacket off.

Well, what will I talk to you about then, because I've still got another 15 minutes to go I suppose, ten maybe. So I'll talk to you about the revolution of our times, if I can change the title from Edmund Burke. We've been going through a real revolution. Just about everyone in this hall in the past three decades - most of us are old enough to have seen that revolution take place and it can be described in many

terms. The scientific revolution and the Sputniks and the space communication and exploration and the social evolution, the changing values, split families and generation and people between themselves. But I'd just like to refer briefly to the economic revolution. I'm just thinking of the past three decades. The first was the 50's. The 50's when Europe was shattered and so was Japan and we in the Americas had an incredibly easy and wealthy time. Everything, anything we put money into prospered and it was a great time for the investment counsellors and anything else. We just were living a golden decade - when we were able to build and sell and help Europe and help Japan develop themselves and make money out of it.

And then the next decade was what you could call the fat 60's when we came forth with all those programs - social programs, economic programs, political programs -- which were spending that wealth that we were accumulating at such a vast speed. And we were able to spend it on everything: vastly improved social welfare programs, environmental programs of great concern. We were able to protect ourselves in many ways. We were really trying to build some kind of a more just society by distributing generously that accumulated wealth. And then came the 70's. After the fat 60's, I suppose you could call them the difficult 70's because we realized that the revolution of the rising expectations that we had set off by a very rapid growth, economic growth also spreading to other parts of the world and the revolution of rising expectations was happening there and it was happening here and suddenly at the time that these rising expectations were just taking off we were met with a set of circumstances which prevented us from in Canada at least and in most industrialized societies meeting those expectations. There is the OPEC crisis in that the vital source of energy saw the price multiplied by four and of course the attendant problems of stagflation, increased prices coinciding with that of the end of the Vietnam War during which the United States had exported inflation to every other country in the world. And also those circumstances around 1973 and

these great weather cataclysms which caused draught in some places and floods in other places and the price of foodstuffs went up and we were just suddenly hit between the eyes with this incredible wave of inflation at the time when we had to meet these rising expectations.

Now at that time also Europe had rebuilt its economy and the European Economic Community was getting stronger, had rebuilt its industrial base and was in a position to compete with North Americans. And of course Japan which it is true had only been producing gadgets and junk suddenly became a highly developed technological society with a more modern base than we had. And the problem was of the dimension of a revolution. And the question is: How will we be going to meet those because of the third dimension, that of the Third World? As I say I think Stevenson invented the expression of "revolution of rising expectations" in applying it to the Third World. With modern means of communications, they saw how some people who are just so wealthy and so wasteful of food, energy and clothing and housing and everything else and they were starving and dying. And they said this can't be a fair world and this can't be a peaceful world until you do something about it. And these great tensions began to develop between the so-called North and the South, the have and have-not nations. To complicate things, some of the have-not nations acquired a new technological base that could begin to compete with ours and we were in the dilemma of shall we let these cheap goods in from some of the Oriental countries or some of the South American countries to compete with ours? We've said for a long while "Trade not aid is the way to future world harmony" and suddenly when they began to want to trade with us, we said "Well, can we let them in?" And of course, there were all those who couldn't even trade because they were too poor and too unhealthy and we had this incredible problem of conscience. "Shouldn't we be giving more of our abundant goods that we waste so much of? Shouldn't we be sharing more and can we ever reach that decimal 7 per cent of G.N.P. that Mr. Pearson said we should strive for and

then I said we should strive for and that we seem to be marking time rather than moving too fast towards it? And this is of the dimension of a revolution.

Now during that time, what's happening in Canada? Well, in Canada of course we're having the result of deeply embedded historical forces too. For instance, why is Toronto becoming such a prosperous and eminent city? Well, a lot of things have happened. People are well educated, clever, enterprising and so on, but there are some geopolitical forces too which helped. The Seaway for instance and more particularly the invention of containerization begins to mean that Montreal is going to be bypassed. Montreal had one of its main vocations as a place of transshipment. Well, it's no longer that. So the center of gravity of the country moves West towards Toronto and further West still of course. And Montreal had another great vocation. It was the vocation of being the center of national head offices and head offices of multinationals too. And some of the political developments of Quebec, including some regrettable aspects of Bill 101 moved people out of Montreal into Toronto. And I said these things in Montreal. J'ai dit ces choses à Montréal également, mais ça avait pas été remarqué. Alors peut-être qu'en les disant à Toronto, ça sera remarqué là-bas et on pourra en parler dans les papiers-nouvelles à Montréal. Mais c'est vrai ça! C'est un mouvement de Montréal vers l'Ouest, which is benefiting Toronto and Toronto is becoming a city of the world. Not only in that it receives people from all over the world, every continent and I suppose most countries have immigrants to Toronto. And you know many part if not all parts of Canada have immigrants to Toronto. And in return, Toronto is sending out its technology and its goods and its expertise and its know-how to other parts of the world. It's truly a city of the world and I might come back to that in my conclusion, if I have time. But it means that Toronto has certain very basic responsibilities in terms of the future of this country.

But once again, looking at the geopolitics at the same time as this movement from Montreal to Toronto, of course one of the by-products of the OPEC cartel is that the resources produced in the West, Alberta principally, Saskatchewan and British Columbia to a lesser degree, oil and gas have quadrupled and increased in price at a tremendous rate. So wealth is moving towards the West. The center of economic gravity in Canada is moving out to the West and also British Columbia because now because we've discovered our vocation as a Pacific rim country. British Columbia is coming into its own. And these are the parts of Canada that want to be industrialized and have their own manufacturing industries and they don't want to rely on Central Canada and they see that they don't have the voice in the center that they want and this creates another form of alienation. So this moving of the center of gravity to the West is causing economic and it's causing political problems. Because what's happening in the five eastern provinces, particularly strains of their own are developing there, strains of uneven growth and we know statistically that the four Atlantic provinces and Quebec have the MNR consistently below the national average in terms of revenue and consistently above the national average in terms of unemployment and other hardships. And fortunately, there are some rays of hope there. There are some very strong ones with the extension of the 200-mile limit - another initiative of our Government - and with the developing in Quebec of highly qualified bureaucrats, civil servants, professors, teachers, engineers and so on. They want to come into their own in economic terms and they're saying "if we can't come into our own in the rest of Canada because our children if they move to Toronto or Winnipeg or Calgary, they won't be able to learn French or we won't be able and so on". Get television then we won't move and we'll use our qualities here at home. But these trends once again even when they look at it in economic terms are very, very troubling in terms of national unity.

Now, our government is trying to develop a certain number of rules, ways of dealing with these problems and I will just go through them very briefly, so that you in Toronto at least that even though we are pragmatic, even though we are not shall we say bound by any rigid ideology, that at least the rules of the game as we see them are known to you and they are very simple. The first is that it is the private sector which has to be the motor of growth. Now that's not Trudeau, a Liberal just being converted This is the ten Premiers including a Prime Minister, myself, and the Socialist Premier of Saskatchewan and the Social Credit Premier of British Columbia and Tory and Liberal Premiers of the other Provinces getting together last February and saying exactly that: The private sector must be the motor, the principal motor of economic growth. And that is why our tax measures, that is why the announcement we made in May, in June and in August, concerning small business and research and development, concerning a tax incentive to small business, specific tax write-offs for forms of research and development or explorations and so on. That is why we're relying on the private sector to create the jobs. And they have been creating jobs. This November over last November, 380,000 new jobs created in Canada, a faster rate of growth than any time in our history and a much faster rate of growth than any other industrialized society, considerably faster than the United States which is down. Ours is 3.8 per cent or something like that. The United States is something around 2.5, 2.8. Then you get down to Britain and France and finally down to Germany They're not increasing the number of jobs. They're reducing the number of jobs. That's how fast they're growing. And the way they're doing it of course is to let the Yugoslavs and the Bulgarians and the Turks go back home. Once again, they're doing a good job in other fronts. But in terms once again of rate of growth, the private sector has been creating jobs at a tremendous rate and I can't take credit for it because the public sector has been at a zero growth rate or a decimal less than 0.1 per cent for the past three years.

And the provinces have been doing pretty well too in restraining their rate of growth of their services. So, that's the first rule.

And the second rule is that there will be under our Government, as there has been in the past, there will be joint ventures. I mean mixed private and public and this has been part of our history - whether it be in transportation with the railways or with the airways or whether it be in agriculture with the Wheat Board or whether it be in the fisheries with the Marketing Board which at last permitted the fisherman to get an honest return for his work. So we believe in joint ventures. And when we set up Petro-Canada and when Maurice Strong here helps us create Petro-Canada and gives to it his knowledge as an entrepreneur who can prove that in the private sector he can, but when he spends a few years teaching the Government how it can have a Crown corporation with national purposes, just as Great Britain has British Petroleum and Belgium has Petro-Fina and France has Les Gaz d'Aquitaine and Italy has, and Algeria and Saudi Arabia and the whole works, Venezuela, they all have their Crown corporations and we think we can have ours. And that's not an accident. And that's not necessarily socialism, is it Maurice? It's something that we believe the Canadian Government can set up and I can't for the life of me see how it can be attacked in the name of I don't know what by the Leader of the Opposition who happens to come from Alberta, a province where the Government, a Conservative Government of that province has invested in pipelines, in tarsands, in a steel mill and even bought over an airline. Now that's part of our policy. We're not going to nationalize anything, but we are going to use the Government to have certain instruments of public policy and we make no apologies for it. So therefore, there will be some and there are some joint ventures.

But then the third rule again is coordination and cooperation and that's why we've spent so much in the past year, a year and a half in the sector studies. And that's why we've

just set up this Board of Economic Development Ministers that Bob Andras is chairing and that's why Alastair Gillespie has laid out in some detail the projects and the time-table for the energy development in this country. We do believe there is a great need of consultation and coordination and that involves governments, business, labour, the provinces. And I think anyone who has looked at the record of the past year, will say that there has been a tremendous moving forward of all these various sectors in Canada and a meshing together that we had never seen before in this country, because we're living in this complex economic world and we realize we have to get together in order to make it work. Together we discovered that a little later than maybe Germany or Japan, but we're discovering it and it's working. That's another reason why we're optimistic about the future.

And the fourth rule and I'll just skip over it lightly but it's very important to Liberals. It's that we never forget the human dimension of things and we never in the name of economic efficiency forget that there are some people and some groups in this society who should be helped and served by social programs. And that's why last summer we increased family allowances for the middle and lower income classes, income groups, even if it meant taking \$5.00 away per child per month from those in the highest income groups. And we did that because we're Liberals. And that will be part of the rules of the game too as long as we are the Government.

And let me just say that even with these rules, you can't help realizing that though we can cooperate amongst ourselves, we still haven't solved the basic problems of federalism in this country. Maybe I'm going to squeak back to national unity. You should be pulling on my jacket, Maurice, because it's high time. Television is off, you can all relax; you can even stroll out if you want and won't insult me because we went off the air at 9:00, so anyone who wants to wave it's too late.

Look, three great problems: inflation, unemployment and taxes. I won't talk to any detail about them, but just think. First inflation. I told you about OPEC and the Vietnam War and so on. Except in times of crisis, who can deal with inflation? I mean 85 per cent of the labour force is in the provincial jurisdiction. The provinces and municipalities together have more employees than the Federal Government. And most important, contracts or property in civil rights under our Constitution, are under provincial jurisdiction and there is nothing we can do to set prices or wages or salaries or incomes and so on. Nothing, except once again in terms of a crisis, of a national emergency. And we had to plead a national emergency back in 1975-76 in order to get the Supreme Court to uphold our legislation on controls. But think about that when you're worried about inflation. I'm not passing the buck to the provinces. You know we all have our responsibilities. But who controls contracts, who controls prices, who controls wages in this country? Basically, it's the ten provinces with the Federal Government having perhaps 10 or 15 per cent of the say.

Unemployment. Okay, we know that we've created jobs. At least, we should know because I've just said that and don't take my word for it. Read the Statistics Canada or the OECD figures. We've created jobs in this country at a rate faster than anybody else. But there has been a social revolution. Women and young people are entering the labour force at a rate at which they've never entered it before. And I'm not knocking it, particularly the women. You know, they want to work. That's great. And the young people too, they want to work rather than go to university, that's fine. The result is a participation rate such that when you add it to the results of the baby boom, even though we are creating jobs at a rate faster than any other industrialized society, we're still creating workers at a rate faster than any other industrialized society. And because of that social revolution, the rate at which people participate in the labour force now is so much higher that if they only participated at the rate of 20 years ago, there would

be zero unemployment. If there is 8 per cent unemployment, it's because so many more people of working age now want to work than they did in those days. Once again we're not all young, we can remember when there were many less in the labour force and many less young people. But back to the Constitution. Who is responsible for training workers, recycling them? Who is responsible for labour mobility? Sure, we can give money to all these things and we do. But who has the power to legislate in these areas? And more important in the areas of labour strife, strikes, of industrial relations, who has jurisdiction? Once again, the Federal Government has jurisdiction over about 15 per cent of the labour force. So here again, who can in this country use the economic levers to bring unemployment down. And finally taxes. Who has the macro-economic levers? Well, I suppose it's about 50-50. The Federal Government used to have much higher taxation than the provinces and municipalities. We used to be around 60; they used to be around 40 together. Now, they're slightly ahead of us. But we can see the difficulty when in the Spring Budget our minister, Jean Chrétien, wanted to cut sales taxes because everybody said it was the right thing to do to bring inflation down, put more money in the hands of people and so on. He couldn't do it because he had to negotiate with ten provinces and one didn't want it and so on. Who has the economic levers?

And once again, the only point I'm making is not that the provinces or the municipalities are responsible for inflation, unemployment and taxes. The point I'm making is that we're living in a federation and a federation means that we're all jointly responsible and we all have to work together. But that there is a point at which the Central Government no longer can govern. There is a point at which the levers of economic change and improvement are not in the hands of the Central Government. And the lesson I want to leave with you tonight is that federalism is a very difficult form of government to operate and its principal benefits are not economic. They're in other areas. They give us more freedom, a better democracy,

the possibility for regions to govern themselves closer to the people and yet they have a central government which permits at least in theory to dispense the provinces with doing certain things so that we can save our energies and our monies by getting one government to do it for all. That's the theory. And it's because we believe in that that Canada has continued to exist as a strong country. You know you just look at the Maritimes. Why do they buy automobiles made in Ontario? It costs them some \$300 more. They could buy them in the State of Maine or in New York. And why do the people of Ontario buy gas from, oil from Alberta, also in the 60's and early 70's when they could have got it much cheaper from Venezuela? And you people in Ontario are paying a high price to help Alberta discover oil and gas? And why do the people of the West buy their clothes and their textiles in Quebec rather than in the Orient where we can get them cheaper? Why is everybody making some kind of economic sacrifice? It's because until now we've believed in this country and we thought it was worth paying a little more for this kind of country and this way of life and this particular set of institutions which gave us freedom and which has permitted us to develop not only our own ways of governing but also to instill our values in our children, in our grand-children because we knew that we could create the institutions for ourselves which preserve those values.

Well, now all these values and all these realities are being tested. You know we're hearing provinces say: Well, my resources are mine and the Federal Government shall not have anything to do with these resources. We don't say that. We say: The resources of any part of Canada belong to Canadians. And sure it means a little bit of hassle, a little bit of a confrontation, but not a big one. I mean Alastair Gillespie made an agreement. He had to make it alone. He couldn't get any of the consuming provinces to support him. But thank God, he did because you've just read this morning what the OPEC countries have done. They've increased prices for the next year

14½ per cent. Well, he's got a deal. At least, there will be no increase in Canada for the first six months. After that, it's far from 14. I suppose it's a dollar out of ten, it's about 9 per cent or something like that. Two dollars, whatever he says. He is mumbling. Anyhow, I don't always understand him, but I know he gets results. So there is a kind of problem developing in Canada and you see it in all areas. And the question for you people in Toronto, because you have -- well, you are the biggest city and maybe, take it from a Montrealer, maybe at this time maybe the best. You know in terms of your institutions, in terms of -- well, your streets are clean damn it all -- and there are a lot of houses and there is a lot of art and culture here and it's a center of communications -- I'm not sure that's all so good -- but anyhow it's a center of communications. My prediction for next year is that The Sun will continue to remain as objective as it was this year. And they're going to change the name of "As it happens" to "As it didn't happen".

Well, I have some here that I should read, these are insults, but I won't have time to do that. Look, all I'm saying is that if we don't talk to you about these problems of federalism and what it means to Canada in terms of redistributing opportunities, in terms of enhancing our liberty, if you don't want us to talk to you about these things, ask our opponents to talk to you about them. They'll say: Oh, this is Liberal territory, we don't want to talk about it. Make them talk about it. Find out the answers to some of these questions. You know Mr. Clark brags that he went to Kingston and he talked to four Tory Premiers and they didn't have a single argument. Everything went well. Sure he gave them everything they wanted. He did! But what did he get for Canada? Zero, nothing, cypher. I mean that's what he got.

So don't let the debate go by. You know you're not in the grandstands, you're part of the team and you're a very big important city. And if you people in Canada, you people

in Toronto are not as concerned about the future of this country, if you let too many of you sort of make deals with whoever wants to separate, because it might be good business, or think of the North-South Dimension, forget about Canada. If you let that happen in other parts of this country of ours, then of course Toronto will lose its meaning. Of course, it will survive, but it will be a terrible responsibility and I know that's not the role you're going to play and that's why I wanted to talk to you tonight. I know that you, Torontonians, won't just sit in the grandstands but you'll be down in the field there playing for the strength and unity of this country.

TRANSCRIPT OF THE PRIME MINISTER'S SPEECH
TO THE QUEBEC CHAMBER OF COMMERCE - QUEBEC CITY
JANUARY 28, 1977

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- S76 Mr. President, my dear colleagues in the federal, provincial and municipal administrations, ladies and gentlemen, my dear friends, I want first of all to thank you sincerely for the welcome you have given me, the warm welcome, and for the kind words that you in particular, Mr. Cloutier, have just expressed to me. I was touched by your kindness, I would even say your frankness, if I don't risk being immodest. And I should like to say that for me you will never be an unknown, Mr. Cloutier. I shall always think of you and the members of the executive, you, Mr. President, and your colleagues, as those who wanted to offer me a platform at a time when I think it is very important for us to reflect on economic and political questions, and at a time when you enabled me to do this without my having to rent a tuxedo! That is really the height of hospitality, and I shall try to return some of it in making a speech to you, which I hope -- and I was invited by one of those who are sitting with me to make a speech such as this -- which will be rather optimistic.

My friends know that when we are going through difficult moments -- there are such moments in politics -- I am in the habit of quoting a Portuguese proverb which says that, "The worst is not always a certainty." And this is what I think is the present situation in Quebec. I myself am one of those who, facing the results of the election last November 15 in Quebec, prefer to take a positive rather than a negative view of those results. I had an opportunity to say on television that it was a certain triumph of the democratic process, for new men and women who are all well prepared for power; and all that has a positive aspect.

But there is, above all, one aspect that I want to dwell on today -- I would say that it is very good that we have to choose in a more definite manner our future as

Quebecers and as Canadians. And that event, this election of the Parti Québécois, obliges us, invites us, enjoins us and will one day force us to do. I find this excellent. But they say, yes, yes, but what about the referendum? It's the future, disturbing to have to think of this question, about the very existence of our country. I would remind you that Ernest Renan, a philosopher who lived about a century ago, used to say that a nation is a referendum every day, a plebiscite every day. By that he meant that a nation cannot exist unless it wants to exist as a nation, unless it expresses itself as a nation, unless it acts as a nation. One of the parts of the definition of a nation -- you heard it again Tuesday night -- is a collective will to live, a sort of plebiscite. And before that, Rousseau spoke, of course, of a social contract, by virtue of which men and women in a society say 'we want to live together, under such and such conditions.'

In the life of a people, this collective will to live, this plebiscite, is expressed in many ways. It may be expressed by violence, by civil war, revolutionary war, when one part of the nation determines the future of the whole. It may be expressed by wars to resist invaders, by wars of decolonization. It may be expressed also in peace by constituent assemblies, by new constitutional formulas. All these events are ways by which a people asserts the conditions of its political existence.

Here in Canada, apart from the War of 1812, there have been few events where we have been obliged as Canadians to fight for our territorial integrity, to forge our national unity, as the Americans had to do in their Civil War in 1860, or even to obtain our international independence vis-à-vis the imperial power which was England. Here in Canada, we have expressed our will rather peacefully between 1763 and 1867.

In that period, 104 years, there were five constitutions for Canada, for Quebecers. But since 1867, nothing. In 110 years, not one new constitution. We have had the same one. But God

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knows the country has changed. First, from a British colony we passed to a stage of independence. People even forget the date when it happened legally because there was so little fuss afterwards -- in 1931 there was the Statute of Westminster, the colony became independent then. Of course, there is still the constitution in England, but I don't think that is what you want me to talk about today!

One hundred and ten years. The same constitution. We went from a colony to independence; we went from four provinces, to ten provinces and two territories and the immense continental shelf. We went from a population of three million to 22 million. We went from a people largely rural -- four-fifths rural and agricultural -- to a population which is now four-fifths urban and industrial -- a complete statistical reversal. As to the composition of the Canadian population, 60% at the time of our constitution were Anglo-Saxon, people from the British Isles. Now there are only 40%, and new Canadians are 30% of the population, about the same as those of French expression. There have been many changes, without a new constitution. There have been many changes, without us, as Canadians, as Quebecers, having to affirm our national identity, without us having to forge it, to proclaim it, to define it. That's a lot of time and a lot of change without having been obliged to choose, really, to be Canadian, to wish to be Canadian, to express this plebiscite that Renan mentioned, to express this collective will. Not only is it a long time but since perhaps the Second World War, and perhaps more accurately, the Quiet Revolution in Quebec -- since that time, not only have we not had the opportunity to affirm our national will as Canadians or even as Quebecers; not only have we not had the occasion to affirm it, but, on the contrary, it has been in doubt, everywhere. I have only to remind you what has been asked for at least 15 years by non-Quebecers and particularly non-francophones: "What does Quebec want?" And it ended by becoming amusing because it surely expressed a certain goodwill, a desire to know in order to

what Quebec wanted but the answer was so diverse, so inconsistent that it was pretty difficult to give to Quebec what Quebec wanted.

Because what did Quebec want? Some wanted federalism, not necessarily the status quo, but federalism -- new constitutional conferences where we could redefine powers, and always with the same federal base. The others said, no, they wanted special status. Others spoke of two nations. We also spoke about an associate state. We spoke of souveraineté-association, and we spoke about independence.

Ask yourself, what does Quebec want? All the political parties, commentators, editorialists, professors of constitutional law and political science, ask them all and you will get as many answers. We ourselves doubted our own national existence. We asked ourselves questions. How are we going to answer this sort of plebiscite that Renan was talking about? What do we want for a Canadian identity? Of course, it was, above all, Quebecers who expressed these doubts. We must also say that the same doubts were expressed in the rest of the country, where one finds different political nuances, from a certain separatism which is being expressed in certain provinces apart from Quebec, to a great desire for centralization whereby these complications, the provinces would disappear! In this country, which has changed enormously, in this province which has changed enormously, the events of November 15 oblige us to make a choice. I find that not only excellent, I find that exciting, I find it more than a challenge, I find that a way to answer the question of Hamlet: to be or not to be? Because, you see, it was said by many novelists, particularly by André Gide, it was said also by psychologists, to choose, to really choose, which is to me to take one route and reject the others, to really choose presupposes maturity, and this develops maturity. You see that in the life of a man or a woman or an adolescent, they see all the possibilities, everything is possible when one

is young. But when one comes to maturity, one has made choices. The youth who decides to study medicine, and then says, 'I should have been an engineer or an actor or a hippy' -- that is still a state of immaturity. To choose one route is to reject the others. That's too bad. But that is reality. And to go from adolescence to maturity is not only to make a choice but it is to accept that you have made this choice, to face the music, as they say. The sign of immaturity for an individual is to have made a choice and then to say, 'Oh, I shouldn't have done that,' and then lie awake at night questioning whether one should have done something else: 'should I have studied law or should I have become an engineer or a doctor?'

It can happen. It can happen in the life of a man and his life won't necessarily fall apart. It can also happen in the life of a society. But what is not possible is to remain constantly in a state of indecision. Constantly in a state of flux. Constantly afraid to make choices. Because during that time, in the life of individuals, as in the life of societies, others will make our choices for us. By not making our own choices, others determine the conditions of our existence. We are right at this stage now.

The cards have been dealt, and they'll soon be played. If we Quebecers, we Canadians don't build this country in the way that we want, others will do it for us. Who owns Canada? It belongs to those who build it, who will make it, define it, who will express it. The same thing for Quebec. All that I want, and I think you want it ardently too, businessmen, businesswomen, you have decisions to take in the economic sphere, in the world of finance, in the determination of your own lives and your investments, and basic choices. At some point we have to get out of this uncertainty. It's in order to do that that we live in a social order; it's for that that we have laws -- so that there can be some certitude. We know that if we sign a contract, make an agreement, this contract, this agreement

will be respected. Perhaps not for eternity, but at least for the foreseeable future.

Jean Marchand said last night, in another gathering, that, I forget his exact words, but his idea was that there's nothing magical in the constitutional structure of a country. Perhaps he didn't realize it, but he was saying what Themistocles said 2,000 years ago in Greece. His strength was in being able to say to the Athenians who thought they were the most brilliant and happiest of peoples that "Greece is no eternal." In that sense, Canada isn't eternal. Quebec is not eternal either. But we would like to be sure for now. We are not talking about eternity, we are talking about the next 10 or 20 years, of our generation, of yours. We have to have some certainty and that is why I say that the choice that we have to make, and it's marvelous that we have this choice, has to be a clear choice, it has to be made relatively soon, and it has to be final, definitive.

Let me explain. It has to be a clear choice because like the adolescent who can't forever wonder if he is going to be a fireman or a politician, or a businessman, at a certain point he has to make a clear choice. You can't be everything, just as you can't want federalism and separatism at the same time. I might even say, although it's not what I came here to talk about, it's not at all sure that you can want independence and association at the same time. We have to consider clear choices. That will be our own role for we who believe in Canada; it will be the role for those who believe in an independent Quebec. To put forward clear choices. So that Canadians, once again, now more mature, have something to choose. I tell you that for the last 100 years, except for immigrants who consciously chose Canada, that Canadians did not have to choose their identity. That is why it's not so surprising that there are so many books and novels published about the Canadian identity, about the Quebec identity. We don't know exactly how to define ourselves.

Now the party of Mr. Levesque, the Premier of Quebec, is asking you the question: do you want Canada, yes or no? We also have to be able to make our choice relatively soon. I'm not saying tomorrow or even next year. But this means more for you in business than for those of us who are in politics, or who live a bit that way, improvising answers to questions from day to day. When we invest a thousand dollars, or a million dollars, we want to know at least about the rules of the game with certainty. Even the uncertainty that has existed for the last 10 years in this province probably has had negative effects on investment; it's probably affected unemployment. And that existed before the elections of the 15th of November. Why? Because we've had that uncertainty. Where are we going? And the ultimatum, if you don't give us such and such, we will become independent. The industries, the head offices, the individuals, who have moved, especially capital which has gone elsewhere, or never come in the first place. You know this better than I do. Capital is more mobile than anything else in the world. People and families cannot move easily. We've lost a few in the last 100 years to New England. But capital is lost from one day to another and it doesn't come back from one day to the next. It only takes a difference of one point in interest rates or rate of return for capital to go where returns are a bit more attractive. I even met some people here who told me they are hesitating to make investments. They aren't submitting as many tenders as before. Why? Because the rules of the game aren't established.

This is why I say to you, that the choice must come relatively soon. It is not for me to set the date, I think the government of the province, if it is committed, and will say when this will come. And then we will be able to say to everyone if it's reasonable or if it's not soon enough. But you have to have the courage to ask yourself the question, "Should we stay in Canada?"

of the game. And I can't say, we might lose, we might lose the referendum, so let's put it off for 10 years.

At some point, we shall have to realize that we must become adults. And this is not only a matter for you, for businessmen, for the politicians; we have to get on with it for the populations of Quebec, for whom work, investments, are real requirements, real needs, and for whom unemployment is real misfortune. So we must know fairly soon what framework we are going to operate in. I know that businessmen don't only make short-term investments, but in the medium term, it is important that we know where we are going.

Thirdly, I said that the choice must be final and definitive. By this I do not mean that it is for eternity. Let's say a generation or two. We know that France has had, I've lost count, 17 or 18 constitutions, in less than 200 years. I'm not saying that we couldn't make one in 2 years, another in 25 years. But I tell you that we cannot accept rules of the game which would invite us to make a choice, a conscious well thought out choice, and then we play heads I win or tails you lose. If I win the referendum, I've won; if I lose it, I'll have another. That won't solve the problem.

In other words, I have to stick my neck out. It's obvious that if Quebec opts for independence, I wouldn't stay long in federal politics. I'd have lost my bet. I don't even know if there would be many from Quebec who would want to go and work in Ottawa. It's not that nice. It's a beautiful city. But you can live elsewhere too!

But probably the same conditions would have to be made for the other side. If the referendum for independence is lost, then we will have to stop talking about it for at least 15 or 20 years. Well, I am just asking questions. Making suggestions. We have time to think about this together. I didn't come to give you answers today. I think that all of us together, as Quebecers rooted in this province, rooted for

300 years in this land, we have to ask ourselves questions, so that we may know, once again, that the answer that will be given will be given in a mature, fair, just and final way.

These questions -- I have a lot of questions to suggest to you, but I don't have enough time. I would only like to put one or two lines of thinking into your head. It is not a matter of proving that federalism causes problems or difficulties. We know family life causes problems, and difficulties, and that doesn't mean that we are going to abolish families. Democracy raises problems and difficulties. Freedom itself causes some funny problems and difficulties, starting with sin and crime. If there was no freedom, we wouldn't be bothered by sin and crime. Just the same, it's not worth abolishing freedom. In another way, it's not a question of saying that federalism causes problems. Rather, you have to prove that some other system would be better. That it would cause fewer problems and would be a better response to the problems that federalism poses. This is the first rule of the game.

Let's not kid ourselves by saying, "well federalism..." Look, in business if you are only 40 per cent wrong, you're still rich. Like playing the market -- if you win more than half the time, or like going to the races, if you win more than half the time, you make money. Politics should have more or less the same rules. If federalism never worked, or less than half the time, then you could say it wasn't worth it. Well, for the moment, you must not add up only the disadvantages, you must say what are the advantages of the other system. And it is this kind of question that we have to ask ourselves. In other words, the burden of proof is not on those who want to defend the existence of a country that has belonged to us for 300 years. That has brought Canadians of all origins to one of the highest levels of prosperity in the world. That has given us almost the highest level of political, social, and personal freedom

that can be found anywhere in the world. There are not many countries that would give democratic freedom to a party whose goal is to destroy that same country. A country that so respects freedom of speech that it doesn't even prevent, for example, its public radio or television from having some slight separatist tendencies from time to time...So what I'm telling you is that the burden of proof is on those who would destroy that reality -- a country well advanced on the road to freedom, humanity, even prosperity. A country made of the encounter of perhaps the two strongest elements in Western civilization -- the French and the English. I'm not saying we've found the pot of gold at the end of the rainbow --or some magic potion. But I tell you that it's up to those who want to destroy this reality to make their case. What case -- well, in every field, in economics, for instance. In what way would Quebecers be better off economically? I don't have time to develop that idea of course. But, the moment that those who want to make Quebec independent start talking right away about association, common market, monetary union, customs unions, I can only assume that they are not just doing that to please the English...those fifth columnists over there! They have to say that, because it would be an advantage for an independent Quebec to be associated with that common market. Otherwise we wouldn't hear about it right away. It seems they have already accepted that if they want to construct independence it will cost something from the economic point of view.

From the cultural point of view, I don't often quote the arguments of authorities, but I will today to save time. I'll quote André Malraux, perhaps, the man in this country who has thought most deeply about culture and politics and their interrelation. André Malraux who, in an interview published in Le Devoir two or three days after the election of the 15th of November, said, and I'm reading: "Is there a national identity? I'm not sure. It is not

manifest that the protection of what you, Quebecers, wish to protect, take a national expression. True national will does not have to take the form of territorial independence." Let us think only about that, that it is not sure, that it is not clear. For proof of this, you only have to look over the past hundred years. Quebec has jurisdiction over education, and it's not 20 years that we've had a Minister of Education. We have had some premiers who have said that we have the best educational system in the world, but that's not proven. If it were, we have it by virtue of the federal system which has given Quebec and the other provinces complete jurisdiction over education, which has a lot of influence on culture. In the field of languages, we have to ask questions. How could we further assert the French fact? How can we do that more than is done now? The defence and the promotion of the French language can be achieved in the present constitution. The proof of this is that in a law of the provincial government, not very long ago, the rights of French were affirmed. Some said this went too far; others said, not far enough. But that is not the essential; the main thing is that laws can be enacted in Quebec to defend and promote the language as much as we like. Now we have to think, in an independent Quebec, we wouldn't speak less English, we would have to speak more because Quebec as part of Canada means that we can require that Ottawa reply to us in French, that they operate in French, that they give to the minorities, the French minorities in other provinces. And when you have a Canadian government, you can have Ministers, Members of Parliament, you can have generals in the army, you can have heads of administration, deputy ministers, who are French Canadian, and who can speak to us and work in French. You might even from time to time have Prime Ministers or Governors General! But, in an independent Quebec, then of course, the rest of North America is not going to start talking French more in order to communicate with this new

country. It is this new country that would have to speak more English than now. And you can find the evidence of this in every sector, the social sector, in labor relations.

I don't want to keep you much longer, but I would like to leave you with one thought. If you read attentively, as I have, what the Premier of Quebec said in New York, when he spoke of his program for the province...Read it attentively. Apart from independence itself, everything that he proposes to do, he can do within the present constitution. Because what did he talk about? He said that he would provide good government, which would have better labor-management relations, which would respect the freedom of companies, which would perhaps nationalize asbestos, which would concern itself with the forests and better business management. Read that, I don't remember the words of it, but, apart from one phrase that he said about screening foreign industries, foreign investments, the whole of his program can be achieved within the present constitution. So much the better. But, let's not talk about independence, let's get down to business, gentlemen, let's get on with it. Now, I don't want to take an undue advantage in saying that we who believe in Canada, of course, will not also have to provide evidence and demonstration. And of course, this is what every federal government endeavours to do, whether it is the government of Mr. Saint-Laurent, of Mr. Pearson, or Mr. Diefenbaker, or my government or, before that, Mackenzie King, or Wilfrid Laurier. There was a program, a choice was proposed, now this choice can be discussed, and it is being discussed; perhaps we are too centralized; perhaps there should be more flexibility, as they say; perhaps we should do more for the French language; perhaps another party could do better.

All these choices have to be made, and will have to be discussed. I will have other occasions, I think, to speak about our program, our faith in Canada, with two "petites patries" and regions.

I could even say that in the field of the constitution, if this country is not eternal, as I said at the beginning, constitutions are not eternal either. If we can find one -- and I've been writing for something like 20 to 30 years about functional politics -- the only question that we have to ask ourselves is: now will men and women of this society be better governed? That is the only political problem. The rest is just chicanery. That's why people are getting impatient with these constitutional quarrels. The rest is politicians playing games. Naturally, politicians at every level want to have more power. Ask Mayor Lamontagne if he does not sometimes think the provincial governments, not only this one, could do better by decentralizing their resources to provide more for the municipalities. And of course, the provincial politicians don't want to give all that power to the municipalities, but they want to take more from the federal government. But we're not saints ourselves, of course. We think we are as good as they are, and there is no reason why we should give away the power. These are just quarrels among politicians.

The important thing is how will the people be happier, better governed? Not how we can give more or less power to different levels of government. Of course, all the provincial premiers generally agree with the Premier of Quebec that more power should be given to the provinces, that is to themselves, to Mr. Blakeney, Mr. Lougheed, etc. But when you have to make this choice, it will have to be a clear choice. I find in the constitution only....If you want some principles....if you want me to be flexible, I'll show you right now....I don't know if the cameras are still running....I've exceeded my time limit....But I want to be flexible. In the constitution, I think there is only one principle, that is to respect the rights of men and women, the respect of human rights, and probably the respect of the collective aspect of those human rights. I'm thinking of language, the right of regions to exist. And from this

principle you can start from the beginning: write a new constitution. We haven't had one in 110 years, we can make one. And I refuse no challenge. All that I ask as long as I am here is that it must be concretely established that such and such a level of power, for example, must be exercised at the federal or provincial level in such a way that the Canadian community will profit by it. I am not going to start a discussion, or if I do you will stop me or you will throw me out of power. Saying things like, "Ah, Pierre Trudeau, he wanted all the power, he and his ministers and his Party..." If you want to re-examine the constitution, then let us try and find what is best for society. That is the essential thing.

Now, I come to my conclusion -- I was going to say that "la preuve est faite par l'absurde" -- that this problem must be tackled fairly soon. Why? Because I come to a province, I am invited by the Chamber of Commerce, to meet businessmen in a province where the unemployment rate is very high, a province where investment is slowing down, a province where inflation is still at an unacceptable level, where the means to fight it have practically disappeared now. There are extremely serious economic problems that we should have discussed. We are together to speak of what? Our identity, as Quebecers and Canadians. Good Lord, we have been doing it for 20 years! I left university, I left teaching, to go into politics, because I was fed up with hearing about separatism, and constitutions and all that. I thought that I was going to teach law and discuss with economists, anthropologists, doctors. It was not that. University had become a place to talk only about this question -- is it good, is it bad, this separatism, or independence of Quebec? But let's hurry up and settle it, leave that problem so that we can deal with the real problems, the problems of unemployment, of extreme poverty -- there's still some of it in the country -- and regional disparity, and the problems of inequality, for Eskimos, women, and Indians, problems of

giving youngsters a break. Let us, for God's sake, get soon to the real problems. Because, I repeat, other people have been looking after the building up of this country, while we, for at least 20 years, have been talking about constitutional problems. That's why once in politics I didn't want to talk any more about constitutional blocks, but we had to because the provinces began by calling a Confederation for Tomorrow conference. But if we embark on this kind of thing, we may lose another 20 years. Good, we are about to end that waste of time. Let's get it over with. Let us demand from our federal and provincial governments...let us demand that the choices be placed before us fairly soon, so that we can start administering our affairs, managing this country -- to pursue the happiness of the people of this country. That's what we need!

They told me that in Chinese the character which signifies crisis is made from two ideograms, danger and chance or opportunity. And that is the actual situation. There is a crisis in Quebec. There is one in Canada, it's a great danger, but it is also our chance to affirm ourselves as Quebecers, and as Canadians too if you like, because we can be both, I think. Others can think differently. But let's stop talking and agonizing about our political future. Let's be grown up enough to either choose to be a Quebecer or Canadian or to be both -- to be worthy of being a Canadian instead of expanding by agglomeration, almost by juxtaposition as we have been doing for the last 100 years. That's the situation for us, we, from the Federal Government, who went there to serve the interests of all Canadians, and in particular the interests of Quebecers. You know the choice that we are offering you, and I call on you to take it seriously. I hope that in the near future, that we can say it clearly that we want to be Canadian, and that we are worthy to be Canadian.

TRANSCRIPT OF THE PRIME MINISTER'S REMARKS FOLLOWING
SIGNING OF MEMORANDUM OF UNDERSTANDING WITH THE PREMIERS OF
NOVA SCOTIA, NEW BRUNSWICK AND PRINCE EDWARD ISLAND ON
RESOURCE EXPLORATION, OTTAWA, FEBRUARY 1, 1977

TRANSCRIPTION DES REMARQUES DU PREMIER MINISTRE AUX JOURNALISTES
APRÈS LA SIGNATURE D'UN PROTOCOLE D'ENTENTE AVEC LES PREMIERS
MINISTRES DE LA NOUVELLE-ÉCOSSE, DU NOUVEAU-BRUNSWICK ET DE L'ÎLE-
DU PRINCE-ÉDOUARD SUR L'EXPLOITATION DES RESSOURCES SOUS-MARINES
DES ZONES CÔTIÈRES, À OTTAWA, LE 1^{er} FÉVRIER 1977

P.M.: Well, gentlemen and ladies, I'm particularly pleased to be present at the signing of this agreement between the Government of Canada and the three Maritime Provinces. I'd ask each premier in turn to make some comments. The aspect that strikes me most and pleases me most in the signing of this historic document is that we have set aside the jurisdictional question of who owns what. We've taken a position as First Ministers that the people of Canada own it and whether it accrues in one way to the province and in another way to the Government of Canada in a sense is secondary. We cut through that very difficult jurisdictional aspect of who has constitutional authority over the continental shelf in offshore resources. We said: well let's not argue between politicians on this point, let's just reach an agreement that we'll set aside this problem for the time being and we'll make sure that we do it in a way which is fair and equitable, acceptable to most levels of government. In other words, I think we're giving here an illustration of how quarrels between politicians can be set aside if they decide that the jurisdiction is only secondary and that the most important postulate is how can the people of Canada profit from certain actions and to me this is probably a new departure -- an historical one, I don't know of any other occasion. Generally we, have to settle things in constitutional terms and references to the Supreme Court and so on. Here we said: well, let's cease our quarrels on this and look for an equitable political judgement which we did and I'm very pleased to be associated with these three Premiers who

have worked hard and long at seeking this type of equitable arrangement; equitable for the people of their provinces; equitable, we believe, for Canada at large.

Premier Campbell, I think you want to lead off with a few remarks.

PREMIER CAMPBELL: Prime Minister, colleagues, I'd certainly like to describe this day as a good one in federal-provincial relations and if Canadians are looking for an example of federalism at its best, I think they're looking at such an example as resolution of the offshore resources through the Memorandum of Understanding as a very good example of a flexible and a political resolution of a problem which many years ago we all felt should not be the subject of a court decision. And so I'm very pleased to join with my fellow Premiers in reaching this point. Admittedly, the route of negotiations has been a rather long and tenuous one but obviously fruitful as well.

P.M. Thank you, Premier Campbell. Premier Regan of Nova Scotia.

PREMIER REGAN: Well, I think that this is the finest example that this country has yet seen of co-operative federalism and I think it is a splendid tribute to the Government of Canada and perhaps to our own provinces that it was possible to work out an arrangement of this type. Its four and one half years ago since I convened in Halifax a meeting of the five eastern Premiers of the Maritime Provinces and Newfoundland and Quebec where we decided on the idea of negotiation jointly with the Government of Canada in relation to the offshore rather than to go the path of litigation. Along the line that, for one reason or another, we were reduced from five to three provinces. But I want to pay

tribute to my colleagues Premier Hatfield and Premier Campbell who have hung in there with those of us from Nova Scotia, and I want to pay great tribute to the Prime Minister and to the federal officials who have shown constructive participation and flexibility in relation to what has to be considered a difficult set of negotiations, and I believe that we have come out with a settlement today that is very much in the interests of Canada. And I personally think it's highly unlikely that the five-year option of opting out, the five-year notice that can be given by any party will ever be utilized. I think that we have what was proved to be a permanent solution to the question of the development of the resources in the continental shelf under water.

P.M. Thank you. Premier Hatfield.

PREMIER HATFIELD: Prime Minister, as Premier of New Brunswick, I'm particularly gratified to see the results of our negotiations on off-shore resources coming to fruition today's signing provides formal indication that the Maritime Provinces and the federal government have reached an agreement that will establish a whole new regime for the administration of our off-shore resources. I'm pleased for two reasons. First of all by establishing a common set of ground rules for exploration and development of the resources offshore. Of all the three Maritime Provinces we have removed the climate of uncertainty that has hampered much development. Second, I welcome this agreement of tangible evidence that when governments work together with the same goal, success can be achieved. The fact that the three Maritime Provinces have been able to work in conjunction toward achieving this important agreement, is testimony to the effectiveness and potential of Maritime co-operation within our federal system. I wish to commend the federal government and the Prime Minister of Canada, because their strong commitment to reach a mutually beneficial

arrangement, brought our negotiations to a successful conclusion. By agreeing to set aside jurisdictional questions and establish a scheme for joint administration and revenue sharing, we have another good and innovative example of how our federal system can be made to work to the benefit of both the provinces and the federal government and for the people of Canada. Thank you.

PREMIER REGAN: Mr. Prime Minister, I must add one word about Sable Island, if I may. This is unquestionably the most satisfying day of my career in public life. Because of the fact that at the time of the passing of the British North America Act in 1867, there was left some area of ambiguity in relation to the status of Sable Island which had previously been part of the province of Nova Scotia. When I came into Opposition into the Nova Scotia Legislature, the government of that day, who their Attorney-General took the unfortunate position, and I think arrogant position that Sable Island was not part of Nova Scotia. In Opposition, I contended that it was part of Nova Scotia, and as soon as I came into Government, we passed Laws to make sure that provincially people had votes, if there were any people there - and we didn't give them to the ponies - and other measures to try to show that Sable Island - we have no aspirations geographically beyond Sable Island! But really I do want to say that to me, and I think to the people of Nova Scotia, the fact that Sable Island is recognized, over the Prime Minister's signature to be within Nova Scotia is a matter of great symbolic importance, as small as that island may be. And I believe that for all Nova Scotians that makes this very satisfactory agreement just that much better and makes it a great day for Nova Scotia.

P.M. Thank you Premiers. We are here, if there are any questions, French or English, we would be very happy to attempt to deal with them. Fortunately, as Premier Regan indicated there were a lot of people involved in the negotiations of this, federal and provincial: our Ministers of Mines and Resources -- ours, Mr. Gillespie, I see here. I imagine there are some provincial ministers and lot of officials and the technical aspects of this agreement will of course have to be written down in greater detail over the coming weeks and we rely on these people to pursue that work in the same spirit which permitted us to reach an overall agreement. Are you prepared to answer questions, I'm sure, if there are any forthcoming.

Q: Mr. Prime Minister, taking into consideration that it's such a lucrative deal for the provinces, what comment did you have for Nova Scotia and Quebec having disagreed and opted out?

P.M.: Newfoundland, you mean ...

Q: Newfoundland, I'm sorry.

P.M.: Well, my only comment is that they were invited to opt in if they wish. And it certainly would facilitate the ending of the uncertainty which no doubt has a negative effect on the exploration for resources there. If the investors are not quite sure about how their rights will be maintained whether it be by the federal or the provincial government, this might have an inclination to invest less or to slow down their investments. So, I certainly say now and this was the way it began as Premier Regan indicated, that it was the five easternmost provinces who were involved. We are prepared at any time to resume negotiations with them on this basis. And if they want as you say to profit by the federal government's

generosity and enter into this lucrative deal, we are prepared to make this sacrifice for the benefit of the five easternmost provinces.

Q: At the moment then there are no negotiations going with Quebec ...

P.M.: There are none going on with Quebec. They stayed aboard until about a year, a year and a half ago, I guess. It's about a year ago I think that Quebec decided that it would suspend its participation in this. In the case of Newfoundland, their government and ours are looking at terms of reference which jointly we would put before the Supreme Court if they still prefer to go that route rather than accept this one.

Q: Mr. Prime Minister, have you had any indication that the lack of an agreement with Newfoundland and Quebec has hurt exploration in those areas...

P.M.: Well, yes I've had such indications. I'm not sure to what extent these negotiations are known and current. I know the Minister, Mr. Gillespie has been meeting some important company and discussing investments with them. I'm not sure to what extent this is public -- private knowledge, the details of it, perhaps you could ask Mr. Gillespie if he is prepared to elaborate later. At this time, I wouldn't say more, but we do have indications that this is more than just a possibility. This is probably a reality.

P.M.: Est-ce qu'il y a des reporteurs francophones ici? Non? Alors, je peux peut-être dire deux mots en français au cas où ça pourrait servir. Je suis très heureux de participer à la signature de cette entente entre les trois provinces maritimes et le Gouvernement du Canada. Je crois que ce q

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est à retenir dans cet événement historique, c'est que nous avons mis de côté tout le problème juridictionnel. Nous ne nous sommes pas demandé qui, du fédéral ou des provinces, a la juridiction constitutionnelle sur ce territoire; nous avons dit: ce qui est important, c'est d'en arriver à une entente assez rapide, afin que la population canadienne, et singulièrement celle qui habite dans ces provinces, que la population canadienne elle-même profite de l'exploration et, on le souhaite, du développement des ressources pétrolières. Et c'est cela qui est important.

Comme les premiers ministres l'ont souligné, c'est une étape importante dans la collaboration entre le Gouvernement fédéral et les provinces puisque les querelles de politiciens, si je peux dire, sont mises de côté afin que nous nous disions: Bien, ce n'est pas tellement important de savoir qui a l'autorité, pourvu que conjointement nous décidions d'administrer pour le bénéfice des populations. Et c'est le résultat de cette entente.

Q: Mr. Prime Minister and the other gentlemen have mentioned several times in their opening remarks that this is the stronger federalism for the provinces to be working with the federal government and it's a very good deal for the provinces. Is this in any way a new step towards a different (inaudible) between the provinces and the federal government in a true federation.

P.M.: Well, I'd say it's not a new development, it's just another step and a further series of actions by the federal government. The last one I guess was last December when we transferred as it were -- and I won't get back into numbers, because that is not the issue -- but we did transfer a large number of tax points to the provinces. It's a further attempt by all governments to bring administrations closer to people where they can be more functionally administered in that way. It's an application. I don't want to solicit the views of my colleagues here, but it is certainly an attempt by all governments to put the people first and the jurisdictional problem second whether that be done sometimes to the advantage of federal jurisdiction or sometimes to the advantage of provincial jurisdiction. I would say it is secondary.

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PREMIER REGAN: I think the final sentence of the Prime Minister is very important. That it puts the people ahead of the jurisdiction. That above all, I think that the path of federal provincial relations, are affected more by the display of flexibility, that both the federal and provincial jurisdictions have been able to achieve, than by the event itself. And I think that the example of flexibility will be useful in relation to federal provincial relations in other matters.

P.M.: I guess another example in the other direction is when the provinces signed with us a year and a half ago the anti-inflation agreements. This was an instance where they were transferring jurisdiction momentarily in the other direction, in order once again so that the people of Canada could benefit from this anti-inflation fight. So certainly with the people present here, there is no pre-conception as to who should grab what, but a decision to use that level of government that can best solve a problem at a given time. And when it can be solved with arbitrating between levels of government as we've done today, we solve it in that way.

Q.: Monsieur Trudeau, j'imagine que vous souhaitez une entente semblable avec Terre-Neuve et Québec. Je n'ai pas pu, je n'ai pas eu le temps de regarder le détail de l'ensemble de l'accord, mais dans quelle mesure l'accord d'aujourd'hui peut-il être déterminant sur le type d'entente possible avec les deux autres provinces. En d'autres termes, est-ce qu'il y a là un précédent qui empêcherait des ententes différentes?

P.M.: Non, il n'y a pas une entente qui empêcherait des ententes différentes. Mais cette entente-ci est le fruit de quelques années de négociations assez ardues -- négociations auxquelles a d'ailleurs participé la province de Québec pendant peut-être une année et demie ou deux années. Alors c'est extrêmement improbable que nous ayons d'autres sortes d'ententes à proposer aux provinces qui ne sont pas signataires aujourd'hui.

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Mais à l'inverse, comme je le disais tout à l'heure, nous disons bienvenue aux provinces de Terre-Neuve et du Québec qui voudraient signer une entente semblable, laquelle en termes monétaires est extrêmement favorable aux provinces. Il s'agissait encore une fois de mettre fin à l'incertitude sur le problème juridictionnel. Nous l'avons fait par une entente administrative que nous trouvons équitable mais qui, en termes strictement monétaires, donne 75 pour cent des revenus aux provinces et seulement 25 au gouvernement fédéral. Alors nous croyons que c'est une entente qui est favorable aux provinces. Et la preuve, c'est qu'il y en a trois qui sont signataires aujourd'hui.

FEBRUARY 1 1977

The Prime Minister and the Premiers of Nova Scotia, New Brunswick and Prince Edward Island today signed a Memorandum of Understanding which provides a co-operative framework for the development of offshore mineral resources on the coasts of the three provinces.

The Memorandum is a significant demonstration of federalism accommodating provincial needs and aspirations in a flexible structure that can work to the greater benefit of all parties.

This Memorandum lays the groundwork for a detailed agreement to be negotiated between the federal government and the three provinces by which all mineral resources within agreed demarcated offshore areas would be managed by a Board composed of three members from Canada, and one from each of the three provinces. It is to be called the Maritime Offshore Resources Board.

A federal body, entirely paid for by Ottawa, will act on the Board's behalf and undertake the day-to-day administration of offshore resources. The Board itself will be funded 25 per cent by Canada and 75 per cent by the three provinces.

All revenues from offshore resources will be shared according to a formula by which the three provinces share 75 per cent of revenue derived from an area seaward of at least five kilometres from low water on their coasts to the continental margin, or to the limits of Canada's jurisdiction over the coastal seabed, the federal government receiving 25 per cent of revenue in this area. The three provinces share 100 per cent of revenues landward of this area.

In addition, Nova Scotia retains 100 per cent of revenues within a revenue sharing line to be fixed by agreement around Sable Island.

The framework is flexible enough to adapt to the entry of other provinces in the future.

FEDERAL-PROVINCIAL MEMORANDUM OF
UNDERSTANDING IN RESPECT OF THE
ADMINISTRATION AND MANAGEMENT OF
MINERAL RESOURCES OFFSHORE OF THE
MARITIME PROVINCES

INTRODUCTION

The Prime Minister of Canada and the Premiers of Nova Scotia, New Brunswick and Prince Edward Island recognize the importance of setting aside jurisdictional differences in order to encourage resource exploitation in areas offshore their coasts, and industrial and commercial development in the Maritime Region.

Consequently, they agree that it is in the best interests of Canada and the three Provinces to work together to provide for the administration and management, including exploration and exploitation, of the seabed and subsoil seaward from the ordinary low water mark on the coasts of the three Provinces, on the following basis:

THE AGREEMENT

1. Canada, Nova Scotia, New Brunswick and Prince Edward Island will jointly proceed, on the basis of this Understanding, to the preparation of a detailed and comprehensive Agreement providing for the administration and management of the mineral resources of the Area.

THE AREA

2. The Area to be covered by the Agreement will be the seabed and subsoil seaward from the ordinary low water mark on the coasts of Nova Scotia, New Brunswick, and Prince Edward Island to the continental margin, or to the limits of Canada's jurisdiction to explore and exploit the seabed

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and subsoil off Canada's coast, whichever may be farther, and, where applicable, to the Inter-provincial Lines of Demarcation agreed upon in 1964 by Nova Scotia, New Brunswick and Prince Edward Island.

3. The Area will be divided into two parts for the purposes of the Agreement;
 - (i) A part landward of a line to be called the Mineral Resources Administration Line (the "M.R.A. Line"), which will be fixed by the Agreement, but which will be at least five kilometres seaward from the ordinary low water mark on the coasts of the three Provinces, and will be beyond any coal resources accessible by mining from land; and,
 - (ii) A part seaward of the M.R.A. Line.
4. The division of the Area among Nova Scotia, New Brunswick and Prince Edward Island will be, for the purposes of the Agreement, defined, where applicable, by reference to the Interprovincial Lines of Demarcation, or, in the absence of any such Line, as may be agreed upon by the Provinces concerned.

THE BOARD, ADMINISTRATION AND MANAGEMENT

5. In order to give effect to the Agreement, a Board, to be called the Maritime Offshore Resources Board, will be established to oversee the administration and management of mineral resources in

that part of the Area seaward of the M.R.A. Line, and, at the option of each Province, landward of the M.R.A. Line, with the authority to;

- (i) issue rights in respect of those mineral resources;
- (ii) set the terms and conditions pursuant to which such rights will be issued;
- (iii) commission economic, sociological and other related studies in respect of the exploration for, and exploitation of, those mineral resources and the optimization of the regional benefits to be derived therefrom by Nova Scotia, New Brunswick and Prince Edward Island;
- (iv) review the administration and management of those mineral resources, including any policies, legislation and regulations in respect of such administration and management, and make recommendations in respect of any such matters to Canada and the Maritime Provinces; and,
- (v) provide for the receipt and distribution of the revenue described in this Understanding.

6. The Board will be composed of six members, three representing Canada, and one from each of the three Provinces.

7. In order to give effect to the Agreement, Canada and the three Provinces will ask Parliament and

their respective Legislatures to enact such legislation as is necessary to implement the Agreement, and will make such regulations as are required for that purpose.

- 8. The federal body responsible for the administration and management of the mineral resources of the Area will administer and manage, on behalf of the Board, the mineral resources confided to the Board's jurisdiction, will keep the Board fully informed as to the performance of its functions, and will maintain a branch office in the Maritime Region.
- 9. The costs of administration and management to be carried out by the federal body will be borne 100% by Canada. The costs of the Board will be funded 25% by Canada and 75% by Nova Scotia, New Brunswick and Prince Edward Island.

DIVISION OF REVENUE

- 10. The revenue to be shared among Canada, Nova Scotia, New Brunswick and Prince Edward Island will be that revenue derived directly from the administration and management of the mineral resources in the Area, such as royalties, fees, bonuses and rentals, but will not include, for example, export or commodity taxes, or any part of that revenue which is equivalent to any payment by Canada in respect of any international agreement whether negotiated before or after the coming into force of the Agreement.

- 11. The Board will be empowered to provide for the distribution of the revenue to be shared, calculated as of the end of each fiscal year, with interim payments in respect thereof, in accordance with the following formula:

- (i) Canada will receive 25% of the revenue derived from the administration and management of the mineral resources in that part of the Area seaward of the M.R.A. Line.
- (ii) Nova Scotia, New Brunswick and Prince Edward Island will each receive 75% of the revenue derived from the administration and management of the mineral resources in the respective sections of that part of the Area seaward of the M.R.A. Line attributed to them in accordance with paragraph 4, subject to a regional revenue sharing pool to be provided for in the Agreement, and to which the three Provinces will contribute such portion of their respective shares as may be agreed among them.
- (iii) Nova Scotia, New Brunswick and Prince Edward Island will each receive 100% of the revenue derived from the administration and management of the mineral resources in the respective sections of that part of the Area landward of the M.R.A. Line attributed to them in accordance with paragraph 4, subject to such pooling as is described above.

12. The Agreement will provide that 100% of the revenues within a revenue sharing line to be fixed by the Agreement around Sable Island, which Island is acknowledged to be within Nova Scotia, will accrue to Nova Scotia.

DURATION

13. The Agreement will provide that in the event that Canada, Nova Scotia, New Brunswick or Prince Edward Island wish to withdraw from participation in the Agreement, they will give five years notice of such intent.
14. The Agreement will make detailed provision for any such withdrawal, particularly with respect to the continuance of any rights, to mineral resources in the Area, issued pursuant to the Agreement.
15. The Agreement will provide that Canada will accord to the three Maritime Provinces any additional advantages in respect of the administration and management of mineral resources in offshore areas subsequently agreed to with any other province, and will consider a revision of the Agreement where such advantages otherwise accrue to any other province.

SIGNED in four copies at Ottawa this _____ day
of _____, 1977.

Prime Minister of Canada

Premier of Nova Scotia

Premier of Prince Edward Island

Premier of New Brunswick

OFFSHORE MINERAL RESOURCES

Historical Résumé of Negotiations

After considerable consultation with the Provincial Governments, the Federal Government referred the question of the jurisdiction and ownership of the submerged resources off the West Coast of Canada to the Supreme Court of Canada by means of Order in Council P.C. 1965-750, dated April 26, 1965, tabled in the House on April 29.

The problem of offshore mineral resources was discussed at the Federal-Provincial Conference on July 21, 1965. As in previous federal-provincial discussions, there were substantial differences of view as to the respective rights of the Federal Government and the coastal Provinces and the means by which a resolution of these differences should be achieved. The representatives of several of the Provinces expressed the view that the matter was one for immediate negotiation. The federal position was reiterated that the extent of federal and provincial legal rights should be determined before negotiation, and Prime Minister Pearson stated that if the rights to the offshore were found to lie with the Federal Government, "equitable arrangements may then be negotiated".

The Advisory Opinion of the Supreme Court was handed down on November 7, 1967. The Court was unanimous in finding entirely in favour of the Crown in the Right of Canada with respect to the resources of all the submerged lands lying seaward of the "ordinary low water mark" and outside of "harbours, bays, estuaries and other similar inland waters".

On December 2, 1968, Prime Minister Trudeau made an announcement setting out an offer whereby Provinces would receive half the revenues accruing from offshore mineral resources located seaward of mineral resource administration lines established off provincial coasts. The areas seaward of these lines would be administered by the Federal Government and the areas landward of the lines, from which the adjacent Province would receive all the mineral resource revenues, would be administered by the adjacent Province.

Discussions with coastal Provinces on offshore mineral rights have continued intermittently since the Prime Minister's announcement. In the discussions with East Coast Provinces, the First Ministers involved agreed in August 1972 to set aside questions of jurisdiction and ownership and try to reach agreement on the practical matters of administration and revenue sharing. Several meetings of federal and provincial officials were held in the period October 1972 to May 1973, supplemented by another meeting of First Ministers on April 9, 1973.

A September 27, 1973 submission by Newfoundland to the Federal Government signalled that Province's effective withdrawal from the discussions. The Newfoundland submission envisaged the Federal Government transferring to the Province administration and control over mineral resources offshore from Newfoundland-Labrador. Continued correspondence with the Newfoundland Government and a ministerial meeting in November 1974 failed to settle the impasse. In April, 1976 agreement was reached between the Federal and Newfoundland Governments that they should work together to prepare a joint Reference to the Supreme Court of Canada to settle the questions of jurisdiction and proprietary rights as regards offshore mineral resources. Work is progressing on the joint Reference.

Following Newfoundland's withdrawal from the discussions, the Maritime Provinces and Quebec attempted to work out a common position. The four Provinces could not reach agreement however, and Quebec took no further part. Meaningful discussions resumed between the Maritime Provinces and the Federal Government in early 1976, and the end result is the Memorandum of Understanding being signed on February 1, 1977.

Background Information

The continental shelf has been referred to as the submarine area adjacent to a continent extending seaward to a water depth of 200 meters. In fact, however, the physical limits of the continental shelf adjacent to any continent are not this clearly defined with respect to water depth. The shelf might better be described as the submerged portion of a continent that slopes gently seaward from the coast, generally less than 1°, to a point where it merges into the continental slope through a substantial increase in gradient, off Canada's coasts generally about 3.5°. The continental slope then continues downward into the ocean depths, merging into the continental rise where the latter is developed.

The Canadian continental shelf covers a large area off the East Coast, approximately 430 thousand square miles. It extends seaward about 120 miles off Halifax. The area of the continental slope off the East Coast is approximately 200 thousand square miles and the continental rise beyond that also covers an extensive area.

At present, the total acreage covered by oil and gas permits in the Canadian Offshore amounts to approximately 500 million, distributed as follows:

East Coast	-	146	million	acres
West Coast	-	16	"	"
Hudson Bay	-	13	"	"
High Arctic	-	130	"	"

Of the permits off the East Coast, about 40 million acres fall within the area of the new Federal Government-Maritime Provinces arrangement.

The first deep exploration drilling program on Canada's continental shelf was undertaken in the Grand Banks region in 1966, with one well drilled 100 miles offshore and another 175 miles offshore. A deep well was drilled on Sable Island the following year. Since 1969, drilling activity offshore from the Maritime Provinces, mainly on the Scotian Shelf, has been virtually continuous. All told, 122 wells have been drilled off the East Coast, of which 67 have been drilled within the Area covered by the new Federal Government-Maritime Provinces arrangement.

Exploration expenditures off the East Coast increased markedly from about \$250 thousand during the first year, 1960, all in the Sable Island area, to a high of more than \$80 million in 1973. Since then exploration expenditures have declined, and by 1976 they had fallen off to about \$65 million. A further decline is expected this year due to a sharp reduction of activity offshore from Newfoundland-Labrador, related to the unresolved situation concerning the offshore mineral rights of that region. It is hoped that the announcement of the new federal-provincial arrangement for areas offshore from the Maritime Provinces will serve as a stimulus for exploration in those areas.

A new impetus was given to drilling offshore from the Maritime Provinces with the entry of Petro-Canada in 1976. Petro-Canada was the catalyst in sustaining the level of drilling in the Scotian Shelf region during that year. The Company drilled three wells and commenced a fourth on permit acreage held by Shell, drilled a well on permit acreage held by Mobil, and participated in the drilling of a well on permit acreage held by Murphy Oil. The total cost to Petro-Canada of its drilling operations on the Scotian Shelf in 1976 was some \$20 million. Very recently, it was announced that Petro-Canada will drill from 5 to 12 wells on permit acreage held by Mobil in the Sable Island area. Of these, two will be drilled to evaluate indicated discoveries, the Thebaud gas discovery of 1972 and the Cohasset oil discovery of 1973, and the others will test a number of as yet undrilled oil

and gas prospects. This drilling program, which could involve a total expenditure of up to \$40 million, is expected to commence in mid-1977 and could continue through 1979. In addition, Petro-Canada is currently negotiating in respect of possible drilling on prospective permit acreage held by other parties in the Gulf of St. Lawrence.

One of the most noteworthy aspects of the spin-off from East Coast offshore oil and gas activities has been the construction of a number of huge semi-submersible drilling units by Halifax Shipyards. Since the first of these commenced construction in 1963, a total of 7 such units have been completed, and one is currently under construction, representing an expenditure in total of some \$260 million.

